# REAUTHORIZATION OF SURFACE TRANSPORTATION PROGRAMS

(102-8)

# HEARINGS

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

## COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

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MARCH 1, 1991, IN CRESTWOOD, MO; MARCH 19; APRIL 10; APRIL 18, 1991, IN WASHINGTON, DC; AND APRIL 22, 1991, IN FORT SMITH, AR

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# REAUTHORIZATION OF SURFACE TRANSPORTATION PROGRAMS

FRIDAY, MARCH 1, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SURFACE TRANSPORTATION,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
*Crestwood, MO.*

The subcommittee met, pursuant to notice, at 10 a.m., at Crestwood Government Center, Crestwood, MO, Hon. Norman Y. Mineta presiding.

Present: Representatives Mineta, Roe, Hammerschmidt, Emerson, Gephardt, Horn, and Poshard.

Mr. MINETA. We are really pleased to be here at Crestwood at the wonderful hospitality of Mayor Patricia Kellerman. We appreciate this opportunity to have this Regional Field Hearing in order to examine issues concerning the reauthorization of our Federal surface transportation programs.

We are honored to have the Majority Leader of the U.S. House of Representatives, your own Congressman, Richard Gephardt, with us today. Dick has been an active supporter of improving our nation's infrastructure and I look forward to working with him this year as we put together this very important bill.

The participation of today's witnesses in this hearing is very valuable, for what we learn here will help us determine our needs for tomorrow. There is no question that 1991 promises to be an important year for transportation in this country. This year Congress and the White House will rewrite the highway and mass transit map of our nation for years to come. What we achieve, or more importantly, what we fail to achieve, will have a very profound effect on our nation. I believe that we have the opportunity, and the responsibility to craft a visionary transportation system for the future.

I have a great deal of confidence in the Secretary of Transportation, Sam Skinner, and the team that he has put together at the Department of Transportation including Dr. Larson in terms of the Federal Highway Administration, Brian Clymer at Urban Mass Transit Administration, Jerry Curry at the National Highway Transportation Safety Administration as well as the other managers and budget staff. I believe that we have the opportunities with the leadership of our own Chairman, Congressman Bob Roe of New Jersey, ranking Republican Member, John Paul Hammerschmidt, and the subcommittee ranking Republican Member, Congressman

Bud Shuster of Pennsylvania of putting together that kind of visionary program.

All of you know that studies call for transportation investments of up to $3 trillion during the next 20 years. We can dicker about the final cost, but there are no more universal truths than these.

First of all the needs are there.

Second, how we spend the money we have is as important as how much money we have to spend. In the 1990s, the challenges and responsibilities will be first of all to maintain the federal investment in the federal aid highway system.

Third, to continue broad federal support for mass transit, and create transportation partnerships that include federal, State and local governments that include metropolitan planning organizations and include very importantly the private sector.

Now, the only way our transportation network will truly improve in the years ahead is if we put our increasingly scarce federal dollars where the needs are today and where they must be in the future, that foresight demands not a single strategy but a series of policies that will be responsible and responsive to State, regional and local needs well into the very next century.

I look forward to hearing from today's witnesses. Their insights will be very useful as we begin our journey to the best legislation possible. At this time, it's a great pleasure for me to yield the microphone to the Chairman of the Committee on Public Works and Transportation, Congressman Bob Roe. Bob has been a leader on our committee for years, has chaired the Science, Space, and Technology Committee for the House of Representatives, and this year has now assumed the Chairmanship on the full Committee on Public Works and Transportation. At this time I would like to recognize, Mr. Roe.

The CHAIRMAN. I thank the distinguished gentleman from California and chairman of our Subcommittee on Surface Transportation. I thank also John Paul Hammerschmidt, our ranking Member on the full committee.

Mr. Chairman it is especially appropriate that we hold our first hearing this year on the reauthorization of the Surface Transportation Act here in the St. Louis metropolitan area.

I want to, at this point, pay high regards for our special host, Mayor Pat Kellerman of Crestwood. It is an interesting point because many of us on this committee have also served as Mayors of our communities in our respective States. I think it one of the toughest jobs in America.

This metropolitan area, as we know, is almost two-and-a-half million people in parts of two States. The transportation problems truly are a microcosm of many of those metropolitan areas with rolling suburbs and increasing congested community towers. I want to pay special tribute to our host for this session, the distinguished majority leader of the United States House of Representatives, your own Congressman, Richard Gephardt. He has been a national leader in the battles to strengthen our competitiveness in the global market place and has brought the same energy, creativity and ability to the fight for our national economy as he has in representing the people in the Third District of Missouri for the past fourteen years.

The St. Louis Metropolitan area is well represented in our Committee on Public Works and Transportation, our new Member, your new Member from St. Louis, Joan Kelly Horn, and, also Bill Emerson, our very distinguished Member from Missouri and two Members from across the river, in Illinois, Glenn Poshard and Jerry Costello. Jerry was with us last night but he couldn't make it here today because of meetings that he is holding in his district.

The problems of the metropolitan areas must be solved through new and innovative solutions and through a comprehensive approach to our problems. The rebuilding of our national transportation system will provide the economic foundation for our nation to complete in the market place of the twenty-first century. We are now in a world economy, and I think that's an important point to know. The majority will speak to that issue this morning. There is no longer an isolated American economy; we are now competing again on the global economy.

It may seem ironic to say that this is middle of the heartland of our country, but the development of a strong transportation system in some ways is even more important here in Missouri, where your industries have the modern transportation network to get your goods to the coast where they can be shipped abroad, such as my State of New Jersey.

The nation must develop a national inter-modal transportation system that will move people and goods in an energy-efficient manner. It is no coincidence that the Nation's rate of productivity growth has declined for the last two decades and that we have not presented and participated, provided the resources, and investment in the interest of our nation. Thirty-five years ago our committee initiated the building of a national interstate highway system, which our chairman has spoken to, which has transformed the face of the nation and promoted the economic development throughout our country. And in the future, as we develop this legislation, we must invest in the rebuilding of the nation's infrastructure so that we can be competitive in the 21st century and so that we can create the new work of our nation.

If I may, Mr. Chairman, and thank you again and all of the members that are here today in this participation, and close on one note. I think the excitement we found here in your great State in our visit last night, and the many leaders we spoke with, is the same we're finding on the east coast is an excitement, and I think the people of our country are coming back and saying, let's—as we look in part to the problems in the middle east, and the rebuilding of the middle I would hope that this decision and these decisions we made here in the Congress of the United States that we'll invest the resources of our country to rebuild our own country, that's where the future's going to be for American to be able to participate in the global economy.

I thank you, Mr. Chairman.

And, I would like to enter into the record at this point the prepared statement of our colleague, Jerry Costello from Illinois.

Mr. MINETA. Without objection, so ordered.

[Mr. Costello's prepared statement follows:]

STATEMENT OF HON. JERRY COSTELLO

As a member of this panel, I want to thank Chairman Mineta and Chairman Roe for holding this hearing on transportation needs in the St. Louis Metropolitan Region. I regret that due to long-scheduled town meetings with my constituents, I could not be with you today.

Our subcommittee is considering the greatest need for this region, that of improving the transportation network. We are currently facing growing traffic congestion in crossing the Mississippi River, congestion that can only be relieved by a new downtown bridge as well as improvements to existing bridges.

Our area is already preparing for the future by constructing a light rail system to connect the two states and serve local commuters. Knowing of our need for greater commercial aviation in the region, it is my hope that light rail will eventually connect St. Louis Lambert Airport with joint-use at Scott Air Force Base. In addition, the Army Corps of Engineers continues to invest in the commercial bounty of the river by constructing the new Mel Price Lock and Dam, an enormous public works asset.

Investing in our infrastructure is a vital first step toward improving economic development in the entire region. As our nation faces stronger economic challenges during the present recession, it is vital that we upgrade our nation's bridges, airports and water resources to supplement business growth and ensure job creation in the 1990's.

Mr. MINETA. I would like to call on our very distinguished Republican ranking Member on the full Committee on Public Works and Transportation. There isn't a gentleman in the House of Representatives, or a person in the House of Representatives, who is more loved or respected in terms of his knowledge of public works and transportation, and I'm privileged to introduce our distinguished friend and colleague from Arkansas, Congressman John Paul Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you very much, Mr. Chairman. Of course I'm delighted to be here in Crestwood under the auspices of Mayor Kellerman's gracious hospitality. You know certainly the St. Louis metropolitan area and the surrounding region as a vibrant, growing community in the midwest. It is an ideal place for the Surface Transportation Subcommittee to hold this hearing.

We look forward to hearing first hand from our distinguished panel of witnesses about the transportation problems and the challenges facing the heartland of our nation. Your views will provide us with the valuable information as we move forward on landmark legislation this year that will shape the future of our surface transportation programs under the very able leadership of subcommittee Chairman Norm Mineta and the extremely knowledgeable chairman of our full committee, Bob Roe.

I would like to thank my distinguished colleague on the subcommittee, Congressman Bill Emerson for requesting this hearing last year and helping host us here today. I served with Bill in the house for ten years and on the Public Works Committee since 1989. Bill is a great advocate for the interests of Missouri and will be an important player in crafting the new highway and mass transit legislation.

I would also like to thank one of our newest Members to the Committee, Congresswoman Joan Kelly Horn from the Second District of Missouri for also hosting us today. Congresswoman Horn is a fine addition to the House and to our Committee and I look forward to working with her on the many challenging issues that we face.

It is indeed a great honor for us to have the Distinguished Majority Leader of the full House joining us today, Congressman Dick Gephardt. I would like to thank you, Dick, for giving your sincere attention to transportation interests and for allowing us to hold this hearing in your district. You have given the critical issue of public investment in our nation's highways, transit system, airports, waterways a personal boost by testifying before our Committee last year and appearing here again today. And I'm sure that your enthusiasm and leadership will help us come up with innovative and workable transportation solutions to guide our country in the next century.

And, of course, we're pleased to be also with your very fine neighbor from across the river, another fine Committee colleague, Glenn P[illegible]ard. We know his active interests in this matter that we consi[illegible]r in these hearings.

As a f[illegible]l note I would like to say that in our many visits across the cou[illegible]y in the last year, we've learned a great deal about how our dec[illegible]ons in Washington affect the state and local governments which [illegible]ve to implement many federal laws and how people are affecte[illegible]y those decisions. So I believe it is an essential and critical pa[illegible]of our role as responsible legislators to listen to the people we se[illegible] as much as possible to aid us in your efforts.

I co[illegible]gratulate Chairman Norm Mineta for having the energy and fo[illegible]sight to have these hearings all across the country, and of course, our full Committee Chairman, Bob Roe's aid as well. And so that's why we've come to the great State of Missouri, my fine neighbor to the north. Thank you for having us, I'm grateful just to be here.

Mr. MINETA. Thank you very much, Mr. Hammerschmidt. At this time I would like to call on a very fine colleague on the Public Works and Transportation Committee, your own Member from the Eighth Congressional District here in Missouri, Mr. Emerson. Mr. Emerson is one of those folks who was called on to do a lot of important things, so he not only serves on the Public Works and Transportation Committee, but he also serves on the Agriculture Committee, and these are, of course, our two important committees that relate to the needs and the great State of Missouri. So, I'm pleased to introduce at this time Congressman Bill Emerson.

Mr. EMERSON. Thank you, Mr Chairman. I am particularly glad to have the opportunity to welcome you and Chairman Roe and our good friend Ranking Member John Paul Hammerschmidt here today together with our other colleagues, welcome to Missouri. We're delighted to have you here, I think it is going to be a very interesting day in which we will be addressing the infrastructure needs and concerns of eastern and southern Missouri, and I have a lengthy statement that I would like to submit for the record, but I would really prefer to yield most of the time for our witnesses who are there today.

But let me say first of all with our 30 year old Interstate System now 99 percent complete and with year's landmark reauthorization of the Federal Surface Transportation Act, we as Missourians have an opportunity to address some of the very serious transportation challenges with which we're faced. Missourians drove some 35 billion vehicle miles in 1989, and that was the fourth highest in the

nation. Moreover Missouri is one of 19 donor states receiving only 78 cents back from the Federal Government for every dollar that Missouri motorists pay in to the Federal Highway Trust Fund. So it is vital that Missouri be dealt a fair hand with the new act and that we receive our fair share of funding to build new highways, roads and bridges, as well as adequate funding to improve and repair our existing roads.

And I want to say to my fellow Missourians here today I have every confidence that that will happen. We have a very bipartisan spirit of cooperation on this committee and viewing the audience here today I may tell my colleagues that don't hale from this region that we have a very bipartisan group of witnesses before us today all united on the subject of the need to improve our state and this nation's infrastructure.

So once again, welcome to all of my colleagues that have come here today and to all of our witnesses and look forward to hearing the statements of each of you and working diligently on the problems that we have. Actually I view them as opportunities. I think that the reauthorization of the Federal Highway Act gives us an opportunity to put emphasis on infrastructure and I hope the end results of these emphases can meet with as resounding a success as our military has met with in the Persian Gulf in the recent days.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Bill. Let me—I see an old colleague of ours in the audience, former member of the House, former member of the Public Works and Transportation Committee who has contributed so much to all of our legislative efforts from the Second Congressional District, Bob Young. Bob, it's good to see you here.

I would also like to, before I proceed with our very distinguished majority leader, is to thank the staff here of the City of Crestwood to the staffs of you, Mr. Leader, Mr. Emerson, Glenn, Jerry, everyone else, Joan, your staffs have been so very hospitable in terms of making the arrangements and doing everything while we hold these public hearings.

At this time I would like to introduce our first witness, a person who really needs no introduction but who deserves one, because he has done an outstanding job, not only as a Member of the Congress having come in the 95th Congress as a result of the 1976 election, but who has distinguished in his job, in his role as the majority leader of the U.S. House of Representatives. All of us are very proud of the job that he does. He does it with dedication, with commitment in the amount of integrity that he brings to this job is second to none.

I have had the privilege of working with Dick as a Member of the Budget Committee as well as other roles and now as a deputy whip, and so it really does give me a great deal of pride and privilege to be in his district here in St. Louis County, as well as well as what we have seen of Jefferson County this morning and the rain which we need in California. But Dick, it's a pleasure to have you here and we yield to you at this point.

## TESTIMONY OF HON. RICHARD A. GEPHARDT, A REPRESENTATIVE IN CONGRESS FROM MISSOURI

Mr. GEPHARDT. Thank you Norm, very much. All of us from the area, Bill Emerson, Joan Kelly Horn, Glenn Poshard, and Jerry Costello, who couldn't be with us, are honored to have this important committee and subcommittee in Missouri today and in the region today to discuss a piece of legislation that I believe may be the most important piece of legislation that this Congress will pass either this year or next.

We are deeply honored that you would take your time from your districts and your work to come to Missouri to hold the first hearing on this bill. For the Missourians behind me and Illinoisans, I want you to know that this committee has been an important part of the history of our country. This committee has through the years made the case to the American people to raise the resources to really build this country. They have done it in a bipartisan way and that has made the committee so very effective through the years.

And so to you Norm, and to the chairman of the full committee, Bob Roe, and to John Paul, we are deeply indebted to you for not only being here today, but the work you have done, tireless work, in trying to write the legislation so that the entire country can have the kind of public works, the new word is infrastructure. I like public works because I'm better able to understand it. The public works that have really built this country as the greatest economic power in the history of the world.

I want you to know that you are in a place, as you saw last night as we stood at the arch, which has clearly been the crossroads of our country, the gateway to the West. You saw a part of our country that really has been involved so heavily in transportation, roads, bridges, we saw three bridges from where we stood at the arch, and of course, railroads. St. Louis having been one of the great rail centers of our country throughout its history.

President Eisenhower, the acknowledged architect of the modern interstate system, singled out, heralded the efforts of the State of Missouri two weeks after the passage of the original Interstate Highway Act. Missouri had submitted expansive programing requests to bring the State's interstate system up to the standards set in that historic legislation.

You're going to hear today from a distinguished panel of witnesses from Missouri, from Illinois, from the region, people who have really made a contribution to build the transportation network here in the State of Missouri, and I think we can together learn from them as we consider this historic legislation that President Bush has presented to the Congress a few weeks ago, and of course through the year you're going to be talking to many people from all over the country, but I think you'll look back to today to the testimony that you're going to hear today to help you put together this important legislation.

Today we Missourians are no less bullish in our desire to keep our roadways and transit systems safe and cost efficient for our citizens than we were back when President Eisenhower and the Congress made the great leap forward. In the next few months as

the committee develops its transportation plan we will work together to improve the president's proposal in order to bring the greatest possible return on Missouri's investment in transportation infrastructure.

The committee's action on this legislation will certainly shape important policy decisions on capital improvements and public investment projects into the next century. I applaud the committee's commitment to hold hearings where those decisions will be made, at the state and local levels. It is important to learn first-hand what unmet investment needs exist. Growth in infrastructure investment must go hand-in-hand with capital investment in our industrial sector. Poor transportation facilities will significantly undermine the profitability of business, and as productivity falls off we're left with lower private investment and lower economic growth.

During a period when both Japan and Western Europe are expanding economically you know that they are increasing their share of capital investment in relation to their overall gross national product. The United States in a period of burgeoning trade deficits is actually reducing our share of capital investment with respect to our overall gross national product. I think you all know that the United States now ranks 55th in the world in capital investment, in infrastructure as a percentage of gross national product.

How can we expect to market our products halfway around the world when we cannot efficiently transport our products around town. We cannot allow this drain on economic capacity to go unchecked. Every American who regularly sits in traffic on their way to and from work should be disturbed by this trend. For most motorists these days rush hour is an oxymoron. The ramifications of these increased incessant snarls are startling. By the year 2005 traffic delays caused by inadequate roads will cost the United States $50 billion in lost wages and wasted gasoline.

Since 1980 St. Louis traffic loads have increased 48 percent. And this is not just an urban problem, Jefferson County which we saw this morning at Highway 21 still has no major east-west highway, which I mentioned as we stood in the rain, which could connect it with Highway 44. As I said, Jefferson County is one of the fastest growing areas in the State of Missouri. Many of the residents in Jefferson County have to get to other parts of St. Louis County or City to work, and the roads are simply inadequate to carry them to their work.

The immediate positive effect of highway investment can best be summarized by its effect on working families. In essence they create jobs. Secretary Skinner, for instance, estimates for every $1 billion spent on highway construction, 30,000 to 50,000 jobs are created. In Missouri, if we are successful in fully funding the state's highway needs up to 8,500 new jobs could be created within this state alone.

There are, of course, the other modes and instruments of transportation in the Surface Transportation Bill, which as far as I'm concerned are in the greatest need of investment. The nation's growing bridge crisis is an area of concern that is worthy of mention. Almost half of the country's bridges are deemed structurally

substandard. Fixing the nation's bridges would require another $53 billion. And I'm alarmed to tell you that in the State of Missouri, almost 70 percent of the bridges are considered substandard to some degree.

And probably the most understated, yet potentially significant aspect of surface transportation policy is mass transit. As demands on transportation systems increase, finding innovative ways of managing them is imperative. Mass transit planning is one of the most effective ways to deal with traffic congestion in urban areas. Not only is there a benefit of reducing strains on roads, mass transit systems produce energy efficiencies and cleaner air, as we all know we passed a very significant clear air bill last year that we going to have to work to try to meet.

Here in St. Louis I'm proud to report, we have a project underway that we have been fortunate enough to receive federal dollars to help construct the Metro Link system. It has been a cost effective system using existing infrastructure to reduce overhead, probably the most cost effective mass transit system that has been built in the United States. The Eads Bridge, which you saw last night, one of the oldest bridges across America will carry the Metro Link from the Illinois side to the St. Louis side, and carry it up to the airport. We hope it can be expanded in the future, and I'm sure it can be. But again its using all existing track, which has been built many years in the past. Some of the tunnels under the city were built in the 1900s and will be used in this new Metro Link system.

And, of course, it will reduce traffic congestion, oil consumption and air pollution. And when it's finished the system is estimated to generate an additional 18,000 permanent jobs in the region and infuse about $400 million into the local economy I'm encouraged by the studies of the cost containment on the project, and look forward to working with and expanding the current scope of Metro Link in the future in both Missouri and Illinois.

An even more innovative project you're going to hear about today is a multi-modal transportation center where several transportation ports would be available in one location. Metro Link, the new mass transit, Amtrak, new station for Amtrak in the same location and both metro and long distance bus service, a heliport and automobile access. And, of course, the Metro Link will go straight to the airport and take passengers there.

Now, while I'm pleased about these ideas fully funding on that need is a full-time job. By some estimates the price tag for repairing and expanding the nation's roadways, which are currently in dire straights, is about $1.5 trillion. Even the administration's own plan, paved as it is with good intentions, and it is a good bill, doesn't quite address all of these needs. As a matter of fact, its spending recommendations are slightly below current standards if adjusted for inflation in the next five years.

Finally, let me say that while there are many significant proposals in the administration's plan. I am concerned about shifting the burden of a national transportation system from the federal level to other levels. I would point to a couple of areas of particular concern: The new state match for urban and rural road projects, reduction in mass transit operating subsidies for some metropolitan areas, and the emphasis on toll road construction.

I have covered a lot of ground and our other witnesses will cover it better than I can. And I don't want to belabor the points that expert witnesses will be addressing. So I will conclude now and ask for any comments from the panel. If there are no questions I want to thank you again for being here today and taking your time to be with us, and I cannot tell you how much I appreciate the work, the hard work that this panel and this committee does to build our country into the kind of economic power and competitive nation that it's been and that we always want it to be.

A great American once said that if America will simply do two things, America will always be number one. Of course one of those things is to educate our children, and the other that great American said, was to build the public works of America. But that's our mission in 1991, with this bill and with this committee. And I want to say to you that the leadership of the Congress will work with you in every way possible. Both Democratic and Republican leadership want to see that your bill hits the floor as soon as it's ready and to put together the votes so that we can pass it, get it to the president, get it signed and get the building to begin.

Thank you very much.

Mr. MINETA. Thank you very much, Mr. Leader. That's an invitation that I can't turn down in terms of what we intend to do. Let me just indicate to you, as you know the president submitted his legislation to the Congress, and we're analyzing that right now, we're hoping to have our bill put together by the middle of April.

And that means that the staff, the Republican and Democratic staff on our committee are putting that legislation together. We hope to have that in subcommittee and full committee mark up by middle June, middle May, and it means we want to get to the floor by the middle of June. So we will be looking to you for a spot on the calendar so that we can take it to the floor by the middle of June, then we will have the opportunity to arm wrestle with the Senate in terms of what they have in their bill, because I am committed to having a bill signed by the president into law by the 30th of September so that we don't have any break from where we are on the present legislation.

So I really do welcome your thoughts about it, your help on this bill. And again I thank you very, very much for your very fine statement this morning.

Mr. GEPHARDT. Thank you.

Mr. MINETA. Are there any questions for the Leader from the Members of the panel?

[No response.]

If not, let me invite you to join us up here.

Mr. GEPHARDT. Wonderful.

Mr. MINETA. And I would like to now recognize our very fine new Member from the Second Congressional District right here in Missouri. And I know with her——

Ms. HORN. Thank you.

Mr. MINETA [continuing]. Dedication to what her new responsibilities are, we will all hear good things about her work in the House of Representatives, and especially on the Committee on Public Works and Transportation. So it's a great deal of pleasure to intro-

duce and welcome to the witness table, Congresswoman Joan Kelly Horn.

Ms. HORN. Thank you, Mr. Chairman, I'm delighted to be here and to welcome you all here. We are now in the Third Congressional District, as we sit we're in this fine municipal building in Dick Gephardt's District and when you visited the arch yesterday you were in our colleague Congressman Clay's District, but when you landed at the airport you were in the second district at Lambert Field, and fortunately we didn't have this weather yesterday or we might still be sitting in Washington because they wouldn't let us off the ground because in this kind of weather we have one runway.

So I am very pleased and excited at the great honor that I have been granted as being Vice Chair to the Aviation Subcommittee, but we're talking about surface, so I will have my remarks there.

Study after study confirms as our distinguished Majority Leader just stated, the very direct and positive relationship between infrastructure improvements and the productivity of our work force. A more productive work force will be a major part of our ability to be more competitive in world markets. In a very real sense our economic security lies in the efficiency of a transportation system.

Our interstate highway system, as Mr. Emerson said, is 99 percent complete. But, it is in great need of maintenance and repair. Meanwhile, in many urban areas and other parts of this region, traffic congestion gridlocks our highways. Instead of being in Jefferson County this morning in the rain, if you had gone west of the airport, where you landed yesterday, to the adjoining county on the west, St. Charles County, part of which is in my district, you would have seen a traffic jam probably to end all traffic jams. Folks in St. Charles County are trying to get to their place of employment in St. Louis County in a very, very congested traffic situation.

St. Charles County is the fastest growing county in the State of Missouri. So while we are gridlocked, we lose work hours, decrease air quality and waste energy. We read about our deteriorated bridges, as Dick said, we have a thousand in this state that are too small, too old or just unsafe.

Our Nation's two great rivers, the Mississippi and Missouri converge near here. They offer a very special challenge as we try to get our workers and consumers back and forth across Missouri River between St. Charles and St. Louis County.

Mr. Chairman, due to the unique geographic location and economic makeup of this area, St. Louis has the potential to become a major midwest transportation hub. The St. Louis region possesses multiple means of transporting both passengers and freight: Trucks, trains, buses, airports, and barges. And I would like to see each of these transportation modes developed to their full capacity, with careful attention given to how they best fit in an overall regionwide transportation plan. A great concern is the connector facilities, and the majority leader mentioned something about that. The means of putting air freight onto trucks, trucks onto rails and quickly moving barge cargo onto its final destination.

To achieve this goal Missouri must invest more in transportation spending. Mr. Chairman, I want to work with you to create a funding formula that will return to Missouri what it is due. We cannot

meet our needs and challenges, and therefore bolster our economy while we remain a donor state, receiving from highway funds fewer dollars than we contribute.

The administration's recent transportation proposal would decrease federal support of mass transit just when an increased emphasis on finding alternatives to our one person, one car habit is needed. We must not quickly forget our latest Persian Gulf reminder of the dangers of dependence on foreign oil. Further, as the United States does not have a comprehensive energy policy presently in operation, any future highway programs that do not deal with mass transit in a progressive and aggressive manner are incomplete.

In addition to decreasing environmental pollution, improving mass transit will ease congestion with less need for new highway construction. We are grateful to this committee for its continued support for a light rail system, Metro Link. This next week we're celebrating a major ground breaking, we're all looking forward to that.

Finally, several operations for improving the efficiency of our existing roads—car pools, van pools, lanes that are set aside for these high occupancy vehicles as well as light rail along existing and planned highway corridors are proven ways of easing highway transportation. We must do more than give them passing mention in the legislation. We really must do more than say these can be done, we must have some real incentives there for states and localities to look at those options.

Easing congestion in St. Charles County is my major priority of what I'm going to try to do on this committee. And I commend the commissions in that county and the many people in St. Charles County are working very hard to move projects forward in that area. Mr. Chairman, it is our responsibility to guide America into the next century with an intelligent and efficient transportation program.

As a member of the Public Works Committee and representing the Second District of Missouri, I pledge my commitment to work with you on doing this and, again, welcome all of you to Missouri to the St. Louis area. We're so pleased you're here and thank you so much for coming and we really do have wonderful guests and witnesses, and I will close there and we will hopefully get on to our witnesses after we hear from Mr. Emerson.

Mr. MINETA. Thank you very much, Joan. We know that the bill you were mentioning to me last night, that at the turn of the century, I believe that Missouri—St. Louis was the third or fourth largest city of the country because of its dominant role as a hub in terms of transportation, and I'm quite sure that that's something that will be recreated in years to come.

Bill, do you have any further remarks that you would like to make?

Mr. EMERSON. If I may, Mr. Chairman, just very briefly here, because there are a number of witnesses here who are to speak on the parochial interests of the southeastern, south central, southeastern Missouri region. I would just say that I think the distinguished majority leader has sounded a very strong key note around

which all of us can rally. I commend you, Dick, for your excellent statement.

Ms. Horn has set out very well the parochial interests of the St. Louis metropolitan region, which, of course, is the major metropolitan region to which south central and southeast Missouri relate, so I'm supportive and I want the subcommittee to know that I'm supportive of the items which she addressed, because a healthy metropolitan area, help feed healthy—create and feed a healthy outlining areas. In my Congressional District in south central and southwest Missouri we have tremendous highway and transportation needs. While we have some good north-south corridors, we're sadly lacking in the east west opportunities. And that's what some of my constituents, witnesses, that are going to be here to talk about today.

The communities in our region have worked very hard to see that these corridors are improved. And this includes such projects as upgrading the Highways 60 and 63, the proposals where Interstate 6, all of these are very significant again to items for us. And I know that this committee and the subcommittee is going to take a balanced view of the transportation needs of the whole country.

I want to say for the benefit of some folks here in the audience, that I think there is a concern the we only look at the needs of the metropolitan areas because that's where the most people are concentrated. But the fact of the matter is each of us here represents the same number of constituents roughly whether we're rural or urban and we all have our respective transportation needs. One can be complimentary to the other, and just hopefully to relieve concern, and knowing that the subcommittee and the full committee, I feel that the concerns that the rural elements may be overpowered. It is probably not a justifiable concern.

I think we are going to approach this whole manner in a very balanced way, balanced transportation and balanced between urban and rural interests.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you, Mr. Emerson.

Mr. Poshard, do you have an opening statement.

Mr. POSHARD. Thank you, Mr. Chairman. As a Member of the committee from the neighboring State of Illinois, my district begins less than ten miles from here, there are a lot of topics here today which affect both Illinois and Missouri.

For me, mass transit between the metro east St. Louis and the city of St. Louis is very important. The proposed four lane development between Carbondale, in my district, and St. Louis is important as is the potential for Scott Air Force Base to become a joint use facility. The proposed Interstate 66 Highway across Missouri in the southernmost part of my district; all of these are topics which are infrastructure needs of southern Illinois and southeastern Missouri, and I'm interested in hearing our witnesses here today speak to those as the hearing goes on.

Thank you.

Mr. MINETA. At this time I would like to call forth our first panel made up of state officials. I would like to call for the Honorable John Ashcroft, as the Governor of the State of Missouri, and the Honorable Mel Carnahan, Lieutenant Governor of the State of Mis-

souri, and Mr. Wayne Muri, chief engineer of the Missouri Highway Department.

So I would like to have you three panelists come forward at this time, please.

Governor, it's great to have you here. We have worked very closely with the Governor's MGA Committee on Commerce and Transportation, with Governors Wallace and Wilkinson, and the vice chair, Governor Keenan. So it is a great pleasure to have you with us today. If you would go ahead and proceed with your statement, sir.

**TESTIMONY OF HON. JOHN ASHCROFT, GOVERNOR, STATE OF MISSOURI; HON. MEL CARNAHAN, LIEUTENANT GOVERNOR, STATE OF MISSOURI; AND WAYNE MURI, CHIEF ENGINEER FOR MISSOURI HIGHWAY DEPARTMENT**

Governor ASHCROFT. Thank you, Mr. Chairman. It's my pleasure to welcome you here and thank not only you but the Majority Leader and the members of the Missouri delegation. I have called upon each of them in respect to this matter, and I can't imagine how I could have received a more cordial and enthusiastic welcome. Chairman Roe indicated there was enthusiasm for this. I want to assure you that there is enthusiasm for this in my office. This is a top priority of mine, and in welcoming you here, I want to extend the hospitality of Missouri, but I also want to welcome the fact that you are concerned about what I believe is essential to the well being of the United States and its economic development in a very important way. Transportation is not a parochial issue, it's not a provincial issue.

If we have poor transportation, it becomes a choke point and that deprives the kind of circulation that a healthy body needs at every extension of the organism. And the United States is a dynamic and organic community that needs good transportation.

Of course, we think the need for good transportation is essential, especially at the heart of the organization. Missouri is the geographic center of the United States, what I call lapland. It's really in Kansas, but it's where Missouri sorts of laps over into Kansas, so we are what we consider to be at the—right close to the center of things.

And, of course, Congressman Hammerschmidt is one of my neighbors. I grew up in southwest Missouri, so he's a legend in the part of the state from which I hale. We have more than 32,000 miles of roadway in Missouri, the 6th largest highway system in the nation, and as Congressman Gephardt mentioned so appropriately, we were the first state to begin construction of the interstate highway system. I'm pleased to say that we completed our responsibilities in the interstate highway system several years ago. I think the interstate highway system demonstrates the kind of therapeutic partnership that can exist when we work together for the development of the environment in which people and industry can grow.

And I'm very grateful for the attention and concern of this committee, and I am deeply grateful for the fact that we are facing an opportunity for a real move forward. I want to mention that there are state legislators who are here today, and there are members of

the Missouri State Highway Commission who are here today because there is this real sense of opportunity, anticipation of the potential of substantial improvement. Even as we finished our responsibilities under the interstate system we learned that our anticipation of traffic needs was inadequate, our vision was not as great as it should have been, and we were finding a demand for highway resources that simply exceeded our capacity. It is difficult enough just to maintain our present roadways, let alone try to expand thousands of miles of two-lane pavement to meet the demands of today and tomorrow.

And to keep Missouri moving ahead, we've tried to improve our position here in Missouri. In 1987 I asked Missouri citizens to approve a special package of highway revenue measures, taxes to fund a $6 billion highway improvement program. I want to commend our highway department for being ahead of time and under budget in providing those improvements. I think the people have welcomed those improvements and have endorsed them. And I believe they are eager to see us continue to make progress.

Now, even with the successful passage of the Missouri Highway Improvement Plan, a detailed study of our bridges and highways reveals that we still need urgently a number of other projects and a number of other maintenance efforts. Now, Missouri is a fiscally prudent state and its economy is healthy, but it alone cannot build the highways that are needed to serve the demands and the opportunities of the coming decades.

As with the interstate highway system, direction and funding from the Federal Government are essential. My distinguished colleague from Kentucky, Governor Wallace Wilkinson, whom you mentioned earlier testified before you last week on behalf of the National Governor's Association—an association on which I serve as vice chairman. He said that the states believe the Federal Government is not keeping the bargain on the fuel tax revenue; as he put it, the money goes in, but it doesn't all come back. We would like to see more and more of the money coming back.

We are aware that the administration's proposal boosts the amount of the money coming back by lifting the cap and moving it upward. That is a phenomenon that we welcome. The cap was $12 billion a couple of years ago, it's at $14.5 now, I believe, in the first year. I'll have to ask for correction from the people that really know their business, but I think under the administration proposal it goes to something like $16.8 billion and above $20 billion, that's movement in the right direction. I really support that.

Wayne Muri, who will be talking to you in a minute, our chief engineer of the Highway and Transportation Department, will tell you about some of the adverse effects that are caused by the withholding of federal funds. He will also point out how the present highway program works in Missouri.

Through the years, our State received everything the Federal formula entitled it to. And as governor, I think I asked the wrong question of my highway department for the first five years of my opportunity to lead this State. I kept saying, are we getting everything we were entitled, and they assured me, yes, we have not left one cent on the table. Missouri is getting everything it was entitled to. Then I learned to my chagrin that we were entitled to far less

than 85 percent of the monies that were being sent back to the States that the states had sent in. As a matter of fact, news reported just two weeks ago that last year we received about 77 percent, and I said this needs to be changed.

That's one of the reasons I'm so enthusiastic in my endorsement of the Bush Administration's recommendations and your consideration of the next Surface Transportation Act. I hope that you can help Missouri get an opportunity to deploy additional resources for the strengthening of the infrastructure of this State.

The president's proposal itself would increase dramatically the flow of federal highway funds into Missouri, increasing by more than $60 million next year. Our total would move to $330 million, and by the fifth and final year of the proposal Missouri's share would grow to $490 million from its current level of about $270 million. Well, a move from $270 to $490 million, including the additional commitments the State would make to match those resources would be a substantial development of infrastructural resource for the country.

I submit, however, that the portion Missouri should receive would even be greater in the initial years of the proposed program. We are essentially being penalized under the president's recommendation for completing our interstate system so quickly. You may wonder why some states have not finished the interstate program, much of the answer concerns expensive interstate segments that may not be cost effective. I recommend that you take a look at that the preferential reimbursement ratios that relate to those that have not been, and if they haven't been completed there may be good reason for their not having been completed at this time.

I suggest that you examine that portion of the proposal carefully, considering the option of making no special provision differentiate interstate construction from other road development that would qualify otherwise under the program. That would result in a fairer distribution of funds. By doing so, Missouri would see 99 percent of its share returned in fiscal year 1992 instead of only 84 if there were a preference left for the completion of those fragments of interstate that people have chosen not to build to date.

Highways are a key to the country's future. I think you all have stated that very clearly. A better highway system clearly benefits more than Missouri. It's international competition as it's intensifying, I believe that it requires us to do a better job at the state and local level. In terms of public infrastructure, investment, and productivity growth among Japan, West Germany, Italy, France, the United Kingdom, Canada, the United States ranks last, and I hope that you are as committed to correcting that as I am.

Studies by David Aushauer, which Governor Wilkinson also cited, show a direct relationship between productivity growth and public investment. And I believe Chairman Roe pointed out in his remarks that our declined rate of productivity growth has paralleled the decline in the rate of our investment in infrastructure. Within the United States, the rate of growth in productivity throughout a 35-year period, in fact, falls and declines with the infrastructure stock of the country.

As a state, the State of Missouri intends to work hard, and I have pledged to my colleagues in the General Assembly, who I be-

lieve have an equally strong interest in this matter, to make the kind of commitment in infrastructure that we need to make, and we want to make Missouri and America a part of a leading team.

We know that transportation is the key to accomplishing that and we are grateful for the kind of commitment that you have. We are aware that substantial improvement in our highway system will require a higher matching rate from the states. There are a number of governors who are deeply concerned about that, and I have some concerns as well, but I would add that if your choose to increase the state's share, we request one thing, and that is you consider the capacity of state's to fund projects.

If you choose to force us to leverage at a greater level, please do not impair our ability to develop those funds by preempting the state from revenue sources such as gas taxes. Most of the state's revenues from roads come from gas taxes, so each time the Federal Government increases any of those taxes, particularly gas taxes, our ability to improve our commitment in that area is impaired.

Thank you very much for coming. I am deeply grateful to you, and I have a feeling of optimism having heard you all express yourselves on this issue. It's inspirational as a governor of a state to know that the leaders at the federal level are committed to improvement. I encourage you to move forward quickly in your consideration of President Bush's proposal. It's a proposal which I think is a very sound one, and your work with it and improvement of it is deeply appreciated.

Mr. MINETA. Well, thank you very, very much, Governor, for your fine and complete statement. Let me ask very quickly about one aspect of the bill. Is your comment in terms of the amounts being increased, and I think that maybe that's the good news. The bad news is that the federal/state share is changed.

Now, to the extent that, let's say, if we increase the amount and keep the federal/state share as it is in present law, what would be the ability of Missouri, for instance, to be able to come up with their share in order to match for the federal funds if—on the other hand if we don't change them and under the Bush Administration program it increases the state's share, what would happen there?

Governor ASHCROFT. Well, I believe that the people of Missouri are adequately committed to the development and understand the investment nature of the development of infrastructure. So in the event that we need additional resources, we will be willing to provide them; and I, as Governor, have publicly stated and assured your colleagues of the Missouri delegation that if it's necessary I'll go back with another highway improvement plan like I did in 1987 and encourage that development.

I think there is a tender idea about whether or not the states can afford to pay higher matching ratios, and that's a judgement you have to reach. In one perspective, the more you ask us to pay in order to attract the federal dollar the more infrastructure we leverage. And in some respects I can think that it would be good policy to leverage more infrastructure because I believe the future of the country is going to be largely dependent on that.

So I indicated that from a policy, and maybe a national policy perspective, but I'll adopt it from Missouri if you require me to find additional resources, I'm going to do my best as the leader of this

state to help the people come to the conclusion those resources would be well spent to generate them and to provide the match.

Mr. MINETA. As shown with your great leadership in 1987 in order to get the $6 billion program through, that those are pretty much committed funds right now under your present program. So that anything that gets done at the federal level, you put that increased load on you in terms of increasing your state share would require you to go back to the voters and say I may need some more in increasing the gasoline tax.

Governor ASHCROFT. That could well be the case. Our understanding is that about 82 percent is now the average federal share versus the state's share, and the administration's proposal was at 75/25, I think. So that's not a great distance, and very frankly if it were all or nothing, I would lunge at the administration's. We would be deeply grateful if the administration bill were to come through as it is. If you make it favorable to the states, that's fine with me, but it will decrease the amount of highways built.

Mr. MINETA. Let me ask about if there is less funding to the state, what do you do, do you make less funding available to the counties and the cities, put the pressures on them?

Governor ASHCROFT. Our program is a ratio of receipts to which the counties and cities are entitled. Part of the reason we have the sixth largest roadway network in the country is that the state is the major maintainer of roads. I think in our state we probably maintain a higher percentage of roadways than most states do.

But the counties and cities are entitled to a certain percentage of our receipts, and we would not prejudice them in an effort to make federal match.

Mr. MINETA. Thank you very much, Governor, for taking time from your very valuable schedule to be here with us today.

Let me at this point turn to Mr. Emerson, if I might.

Mr. EMERSON. No questions, Mr. Chairman. Thank you for your actual statement Governor. Once again I think you really laid it out there for us. The actual statement of where we're coming from and where we want to go. I thank you for being here.

Governor ASHCROFT. Well, part of the excellence is your coaching. You and I have discussed this on two or three occasions, and it's a major goal of both of us to improve these roadways.

Mr. EMERSON. And let's keep that going and with Mr. Muri as well.

Mr. MINETA. We know the difference between a setup and an upset.

The next speaker is chairman of the full committee, Mr. Roe.

The CHAIRMAN. Thank you, Mr. Chairman. I am very impressed with Governor Ashcroft's testimony, because he embodies an enthusiasm that we share on the East Coast. But I'm a little puzzled with your arithmetic. We're analyzing the presentations that have been made to us by the administration. By the way, I happen to think there are a lot of great parts to that proposal. For example, as we talk about increasing the resources that have been made available by raising the cap, but by the same token let them take $1.2 billion away from general revenues. So we get more of the work done out of the revenues that they're proposing by raising the

cap. So it's highly questionable whether we're going to have that much more money available to begin with in the first place.

The second point that occurs to me is that they are reducing fairly substantially the so-called State matching share. I don't know how that affects Missouri, but I've got news for you. In New Jersey, it is a major issue to us, so we are concerned about that. We kind of found that—and the fair plan will be so that the States where the matching share situation is in the division of the programs are better, which is only natural to do. I think several of that, one comes back and says the following, in your testimony, and I read it with the greatest respect and affection. You say that we should be providing more funding from the federal level, and then we need, you know, that will help us move the program ahead. The United States funding network providing for infrastructures is pecuniary at the best. People are talking about spending $50- to $100-billion just to rebuild Kuwait.

Now, the question I would like to ask you: is the committee gutsy enough? Congress went ahead this time and passed a 5 percent increase, two-and-a-half percent was to go to the trust, and that's another point I'm going to interject that for. I think the American people are getting a little fed up being charged more gasoline taxes and not having the money being used where it is supposed to be used. It's being used to shield the financial deficit.

Having said of that and being loquacious with the question—why don't we have the guts to really put the investment into and let it be done? Why should the two and a half cents be held back, if we believe, as you do that as we invest every dollar we're going to get $6 to $10 back in economic productivity. We're going to be creating new wealth. Why wouldn't we invest those resources as they should be done now? And should we increase it to provide for the State to meet the federal level? The most we're going to talk about is twenty cents increase, and don't fall off the chair, on the gasoline tax on a national and set aside legislation that would come back and say, this is the kind of money that should be established, but it must be spent, it must be allocated to the states because it would be required by law to not be held back.

Have you given any thought to that.

Governor ASHCROFT. I guess the answer to your specific question is yes. I've given some thought to it. Now, you've raised a lot of issues. You've asked a lot of questions; I would like to ask you some.

The CHAIRMAN. Please do.

Governor ASHCROFT. Why is it that you take money from the State of Missouri and don't send it back, and why is it that the Congress chooses to shield the federal debt by having a trust fund that offsets it, and why is it that you decided in a watershed decision to take money out of the gas tax revenues to do general revenue expenditures of the Federal Government. None of us governors like that. That may have been forced by necessity, so I agree, if you're questioning those things, I agree with you wholeheartedly, and we want all our money back. We don't like the idea of sending.

When I said we got 77 percent back last year, that was 77 percent of the monies that you decided to send back to the states. The fact of the matter is that you kept this part of the trust fund as a

trust fund, and we, probably in the states, would like to see the interest on the trust funds also come to the states for highway and infrastructure development purposes.

I'm not a big spender when it comes to government, but I think when you're investing in infrastructure, you're providing the basis upon which people can be prosperous, and I'm going to support your efforts to have better infrastructure. Now, the one place where I think I need to distinguish myself from you, I do not today want to endorse your proposal for a twenty cent tax increase on gasoline.

And you're not supposed to fall off the chair either, but I'm willing to try and see what we can do with the money we're already charging our citizens, and we would like to have it back for the purpose of making those investments. And this is a great opportunity, so I want to do everything I can.

The CHAIRMAN. I want to conclude, because I know we have such short time here today. New Jersey is a donor state.

Governor ASHCROFT. Yes.

The CHAIRMAN. We get back about 80 percent of the money we put in. I voted no on the budget because I thought it was wrong. This committee has vigorously opposed—bipartisanly—totally opposed the trust fund money being used for any other purposes that what it's allocated for and it should be allocated for that purpose.

Having said all of that, do we say that the governors of the country would support us to do the following. Everybody runs up to me and says, you've got to balance the budget, you've got to balance the budget. I would like to see us have the courage to say that the trust fund money that is now allocated should be utilized and spent for that purpose. Would you agree with that?

Governor ASHCROFT. Yes, I do.

The CHAIRMAN. And it should not be used to shield the national deficit.

Governor ASHCROFT. No, I think the deficit should be addressed honestly, and I believe that the shielding of the deficit by the maintenance of a trust fund is a shadow and shell game.

The CHAIRMAN. So Missouri would support the committee then if we make such a recommendation?

Governor ASHCROFT. Well, yes I will.

The CHAIRMAN. Thank you.

Mr. MINETA. Thank you very much. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman, thank you Governor Ashcroft for your fine statement. You know Dick Gephardt said that the real leader's job was to educate our children and build public works for America. And I know Governor Ashcroft that the National Governor's Conference, claims to be the education governors, but you were the first education governor, so we give you credit for that.

But now you're the vice chairman of the Transportation Committee in the NGA, so you're working both sides of that problem very well. And you must be doing it well, because I notice you got the largest percentage of votes of any governor in Missouri since the Civil War. Anyway, I want to get on the subject that Bob Roe was on. It has another side to it.

Now, actually, if you look at the long sweep of the highway defense network started in 1956, it is just now being finished. Missouri has gotten back par; you got back dollar for dollar over that long time. New Jersey has gotten back 97 percent, Arkansas has gotten back 98 percent. California has gotten back 89 percent. So you have to look at it in the longer context, but we still have problems. We're a donor state in Arkansas as well. But Congress, not the White House, has put a cap on obligation ceilings because of our process up there. Congress did that, they had to under the Budget Act. They're sent $161 million in obligation authority that you can't spend, and that's done by Congress, and that's another major problem that faces us in our approach to the problem.

The CHAIRMAN. So we're collecting and distributing to you money you can't spend which is another shame. We tried to take that trust fund off budget. We've got a commitment from our Majority Leader, Dick Gephardt, when he testified before us last year that he would support us and we've come close. And it's still a major problem and one we want to solve. The Congress has to solve that problem.

I don't have any questions, but I really appreciate your coming to us.

Mr. MINETA. Mr. Gephardt.

Mr. GEPHARDT. I know we're short on time. I simply want to commend the governor for coming here and spending his time today, and I think it indicates his enthusiasm, sincere enthusiasm for this bill. He's been in all of our offices in Washington, and we met him at the Governor's meeting and I really do admire his willingness to really try to lean on this issue from the State of Missouri's standpoint. I want him to know that we will work with in every way to reach his goal.

Mr. MINETA. Mr. Poshard?

Mr. POSHARD. Thank you, Mr. Chairman.

Governor, just one question and I would like to hear this from your perspective. My Congressional District is a lot like Missouri, it's a rather large rural area, and we have the need, as you have testified in your statement here, to improve a lot of our primary roads to make them four lane roads, but we always get in this chicken and egg controversy about it. We could spend money on these roads to upgrade them so that industry might possibly locate in the towns along the road, but we don't have enough traffic on them to justify the upgrade yet. So how do we handle that, those of us from rural areas, because we never seem to get around to doing the things that need to be done to bring the diversification of industry into the rural areas because we always put off and say the traffic doesn't justify it at this point in time.

From a governor's perspective, what are we going to do about the rural areas of this country to create jobs so our people can live. And infrastructure, as you say, is the basis for the creation of jobs.

Governor ASHCROFT. As I understand the administration proposal the states are given a far broader opportunity to allocate the resources for match and all to secondary road systems. We have been inordinately focused on the interstate system, and that's where obviously all the traffic is on the good roads. People, you know, select the—well, you go fishing where the fish are, you go hunting where

the ducks are, you drive where the good roads are. And there is economic study after economic study which indicates that development is dependent on good roads, and I think this proposal offers the promise.

In Missouri, for instance, I can list the highways that will be—we'll take 36 across north Missouri from Hannibal to St. Joe and that goes all the way on out to Denver. That will be dual laned if this goes through. And we'll take 61—71 from Kansas City down to the Arkansas border and then that will run on down to Fort Smith. That will be dual laned if this program—we've already looked at what we can do, and it's these roads now that are secondary in nature that haven't qualified for the national system, which we believe would qualify under the proposal. And I think it's exactly on point. We would have an opportunity to bring development potential to vast areas, which simply are not part of what had otherwise been interstate, but which can be clearly interstate quality in terms of their accessibility if we embrace this kind of an effort.

Mr. HAMMERSCHMIDT. Will my friend yield?

Mr. POSHARD. Yes, sir.

Mr. HAMMERSCHMIDT. Governor, did the State of Missouri submit your map for highways of national significance? Did you submit a plan for that?

Governor ASHCROFT. Well, actually, one has been prepared by the Federal Highway Administration, but as a state we did not submit.

Mr. HAMMERSCHMIDT. We did not in Arkansas, I just wondered what you had done.

Mr. EMERSON. Will the gentleman yield also just for 30 seconds, I want to say to the governor, that in listing examples of what could be more readily addressed with the——

Governor ASHCROFT. Sixty could be dualed all the way across southern Missouri, and 63. As a matter of fact 63 was one of those area upon which we spoke earlier.

Mr. HAMMERSCHMIDT. What happened to good public policy.

Mr. EMERSON. That's good public policy.

Mr. POSHARD. Well, I agree with you that in many respects these have to be driven from the State Department of Transportation and the Governor's office, if we're going to see those kind of changes.

And let me say parenthetically that I have enjoyed a good working relationship with Mr. Muri of the department.

Governor ASHCROFT. Good.

Mr. POSHARD. He's done an outstanding job in helping us in Southern Illinois to solve some problems between the two states. I thank you for that.

Mr. MINETA. Ms. Horn?

Ms. HORN. Well, in the interest of the hearing, Mr. Muri and Lieutenant Governor Carnahan, I don't have anything, but I do thank the governor for being here.

Mr. MINETA. Thank you very much. At this time I would like to introduce the Honorable Mel Carnahan, Lieutenant Governor of the state of Missouri. And please, your full statement will be made a part of the record, and so if you would go ahead.

Mr. CARNAHAN. Mr. Chairman Mineta, Mr. Chairman of the Full Committee, Mr. Roe, our host in the Third District, Majority

Leader Gephardt, we are delighted that you convened this meeting here. My own Congresswoman, Bill Emerson, and our newest Congresswoman from Missouri, of whom we're very proud, Ms. Horn, and other Members of the committee.

Thank you so much for coming to Missouri and here to the Third District for your hearing. I want to thank you for the opportunity to speak to you on this most important of subjects of transportation. As you probably know Missouri has played a very great role in the transportation history of this country. The first interstate routes were rivers, and we are here at the confluence of the two greatest rivers in North America.

In the mid-19th Century, Missouri became the gateway to the west, the four great trails to the west had their commencement in this state. They were the Oregon Trail, the California Trail, the Mormon Trail, and the Santa Fe Trail. St. Joseph, Missouri was the point from where the Pony Express headed for California providing cross continental U.S. Mail Service connecting New York and Washington to San Francisco and Sacramento.

Much like the wagon trails, the first rails also emanated from Missouri. In 1956, as has been alluded to many times, the first section of the Federal Interstate Highway System was commenced just one county north of here in Congresswoman Horn's District in St. Charles County.

Missouri has played a major historic role in transportation. But I'm here today to say that Missourians are just as concerned with leading the way in transportation in the 21st century as our ancestors were in the 19th century. Now, I realize there's an alliance between the Federal Government in the different states in regard to highway funding. Missouri is concerned, as you will continue to hear about receiving her full share.

And it's Missouri's desire to insure that the money that comes into the Highway Trust Fund is spent for highways, and that the funds held back in previous years released. Missouri highway funding depends heavily on user fees and fuel taxes. The Federal Government's new attempts at deficit reduction by utilizing fuel taxes cripples any potential effort on Missouri's part to address our highway needs. And I would like to ask this committee and the Congress to find other means of deficit reduction other than using the motor fuel tax.

Missouri could more than double its share of federal highway funds if Missouri were to receive her fair share of the funds and if all the monies collected from the fuel taxes were spent on transportation. Missouri's highway needs were outlined by our State Department of Highways and Transportation, a very splendid department, which enjoys a broad bipartisan support in this State, and that study entitled the Ten-Year Need Study outlined many things. But I'm going to focus just on one of the things that I had not heard mentioned here yet today. And that is the necessity for Missouri to address the safety factor.

Missouri leads the midwest in traffic fatalities. The funding of the projects outlined in our need study would reduce the fatalities by two-thirds. Which means that two out of every three people killed on our highways could be saved. Missouri could address that and other needs if we were to receive our fair share of the funding.

As you have already heard, for every fuel tax dollar that Missouri sends to Washington, we get back less than 85 cents. We read and talk of Missouri's crumbling infrastructure and of our inability to address the need to rebuild our roads and bridges. I believe that a nation that can so accurately destroy bridges and highways on the other side of the globe also can rebuild roads and bridges here at home. We have in the last few weeks and months shown that we are the super power of this world. I believe it is now time to extend some of that effort and experience, and yes some of that power right here at home by rebuilding the transportation system and can be once again the envy of the world.

Thank you very much for being here, for your approach. I assure you that we take a bipartisan approach to the support of transportation here in this state and we pledge to work with you as we seek to accomplish our mutual goals. Thank you.

Mr. MINETA. Thank you very much, Lieutenant Governor. Let me ask on your—in your testimony, you refer to the fact that you have a very high fatality record, and yet at the same token you say that in your Ten-Year Need study you would be in a position to reduce that traffic fatalities by two-thirds.

First of all, what accounts for your high level of traffic fatalities, and then secondly what kind of improvements are being planned that will enable you to make kind of dramatic reduction in terms of fatalities.

Mr. CARNAHAN. We have the expert to my left, but in a nutshell it's road condition and lack of divided highways. The implementation of the divided highways which Congressman Poshard referred to would be the largest single factor, I'm told, in reducing those fatalities.

Mr. MINETA. Mr. Emerson.

Mr. EMERSON. No questions. Thank you for your excellent statement. I particularly appreciate the historical context in which you put things. The Majority Leader, in a little tour around St. Louis, was making a number of the same points, and I think its always useful to refresh ourselves as to where we have been so we can better know where we ought to be going.

I thank you for your statement.

Mr. CARNAHAN. Thank you.

Mr. MINETA. I'm not sure that the mail delivery has improved since the first Pony Express out of St. Joe, but in any other respects it's improved.

Mr. Roe.

The CHAIRMAN. No thank you.

Mr. MINETA. Mr. Hammerschmidt

Mr. HAMMERSCHMIDT. No questions, Mr. Chairman. Thank you for your statement, Mr. Carnahan.

Mr. CARNAHAN. Thank you.

Mr. MINETA. Mr. Gephardt.

Mr. GEPHARDT. Mel, we very much appreciate you being here today, your statement is well taken and we look forward to working with you and the Governor and the Commissioner in the days ahead to put this bill together. I really appreciate you taking your time to be here.

Mr. CARNAHAN. Thank you.

Mr. MINETA. Mr. Poshard.

Mr. POSHARD. No questions, Mr. Chairman.

Mr. MINETA. Ms. Horn?

Ms. HORN. No questions, Mr. Chairman.

Mr. MINETA. Again, thank you very, very much Lieutenant Governor Carnahan.

Mr. CARNAHAN. Thank you.

Mr. MINETA. Maybe at this time, you're welcome to stay, and let Wayne Muri continue. Without a doubt you have one of the top professionals in the country as it relates to transportation and highway needs. And we all recognize Mr. Muri as a professional here within the—within the Missouri Highway and Transportation Department, and so it's a real pleasure to have you before us this morning.

Your statement will be made a part of the record, and so if you would proceed in your own fashion.

Mr. MURI. Mr. Chairman, thank you very much, especially for those kind words. First, the more time I spend in Washington I am amazed at the frantic pace that you set there. I'm impressed with you coming here to Missouri today, that's very impressive. I'm very impressed by the rallying call of what I heard this morning.

Someone being in transportation almost all of my life that's quite impressive, and I thank you very much for that. As you mentioned, I have submitted my testimony for the record, to save time I would like to offer some specific comments I might have and also what I think are some very key factors.

I think first, and I think it's been said this morning, it's great to recognize that this is a very, very important time. Almost the most dramatic point in time since going back to the interstate, when we embarked on the interstate program. Congressman Emerson, I think you said, it's a critical time, it's a time of opportunity like we have never seen before. I think sometime we don't recognize just how critical a point of time this really is.

Second, I think it is very important, it has been alluded to this morning, Missouri has a high stake in this. We have completed our need studies here in Missouri, there is about $5.8 billion worth of work desperately needed in the next ten years. What happens with this federal program is very, very crucial here in Missouri, and that will be the trigger to what happens here, we feel very, very strongly.

There are going to be some very tough decisions. They're going to be in your hands and I appreciate offering our views. We do have some very strong views. We have known this is coming now for three years. We've been doing our homework for this moment for three years. So we have a lot of view points and I'll try to keep my view points very, very short.

Over this time I think that you may have noticed a couple of things. We have gained, I think, a broad consensus to work with all fifty states. Second, is we've had a lot of input over these three years, and I think we have a very, very solid recommendation because we've had a lot of input. I think in fairness I better confess here I'm wearing three hats today. Yes, as CAO for Missouri Department of Transportation, I am also Chairman of the AASHTO Committee on Implementation of Transportation Plan. I am also

outgoing Chairman of the Transportation Research Board in Washington, DC, which some of you have been involved in.

I say this, actually, I'm not wearing any hat at all as you might mention. And I say that for a reason, because last year I was asked by the TRB Chairman to go to Europe and evaluate the road systems, the transportation systems, the pavements in Europe and see how we stacked up. Before going over there I made a very foolish statement I regret. I said if they can show us something, if they have better roads and transportation than we do, I'll eat my hat. I did not come back wearing a hat.

As you know Europe is moving goods at less cost, faster, with less damage than we are. You also know, and it has been alluded to this morning, that there is just an overpowering evidence that we're losing our competitive edge. Why? Because of loss of productivity. As you also have seen some of the reports David Ausheur and a lot of others, direct correlation to this loss of productivity with our failure to invest in infrastructure. It is very, very key and very, very pronounced. There is no question, transportation moves a lot more than goods and people, it moves the economy. And I think that is being widely accepted. I say that because several of you mentioned this morning, St. Louis is a good example.

What makes St. Louis? Basically a hub of transportation, a river, the railroads, the airports, the highways, that's what makes St. Louis. We face brutal competition in the future not only to St. Louis, but the State of Missouri is going to depend on the health of our transportation system. There is just no question in our mind about that. Let me just offer five very key, I think vital points, as we look at the future and from our work with the fifty states as we look to the future on a transportation program, and especially as we look at the administration bill proposal.

First, we must, we plead to you to pass a timely bill. Congressman Mineta, I very much appreciated what you had to say this morning about your schedule. We're very, very pleased with that. We must, if we're going to have an orderly planning process, we must have that.

Second is return credibility to the federal trust fund, the federal highway program, and what I am saying is basically and I think I'm quoting like Secretary Skinner has said several times, if it's right to collect those fuel taxes, those monies for a purpose, it is right to spend them for that purpose. I think that is very basic and we need that credibility. The administration program as I understand it, we have evaluated it, it basically says over the next five years a target we can gun for, about an eighteen billion average over the next five years. That's ambitious, but I can tell you from the AASHTO community we have done a lot of work on this and we feel without any additional taxes and spending what's collected and the interest that's involved, that figure could become $21.4 billion, that is tremendous.

We think that must have a priority. As we look at the future, it's going to be brutally competitive, as I mentioned. We must have the best possible transportation strategy for the future. As we look at the administration plan, we think it's a good blueprint. I say that because a lot of the work from all 50 states is a consensus of what

we came up with very, very closely correlates with what the administration has come out with. So we think it is a very good start.

We think the emphasis on a national highway system is in the right direction. I think it makes a lot of sense. I can tell you we—it was alluded to, we have done some needs here in Missouri, some need study, very intensive, and we look at our needs and what it says Missouri should have correlates very closely with this national highway system that's being proposed at the national level. It's a very, very good fit. We think its right for the country, we know its right for Missouri.

Involved in this is a flexible rural-urban program. That's something we've been striving for a long time at the states, give us some flexibility. There's flexibility here, yes, there's some high matching ratios that will be required as proposed, and that I'm sure a lot of debate will happen with that. This also gives us the ability to look at transit. We think even if we had the best highway system in the world, that's not good enough for the future. You must have the right mix of the modes of transportation, and that must happen.

In our proposed program is a bridge program, and I don't think I need to say much about that because it's already been mentioned this morning. We have a bridge problem and that relates to that. The formulas that we've had have not been favorable to Missouri, and I'm not looking at this, I think, parochial, in that they're archaic.

We're talking about using that the basis, formula, allocation of money on post or rural road knowledge that was derived back in the 20s and 30s, and it is still there. That must change. The administration says we ought to take a use of fuel usage as a measure on how to appropriate money. And I think that makes some sense. Fuel usage is a measure of the usage of the system, no question about it. Usage of the system is a measure of the need. If you go to look at something that we can measure and we can verify accurately, fuel usage can be verified and measured accurately, and I think it makes some sense.

As the Governor mentioned, I think we need to look at funding of the remaining interstate. There's a reason why those remaining projects have not been funded. Don't force states to fund some of these things where money could be much more wisely used in other places. Don't force that upon the states.

Last, I think we need to continue to support mass transit from the general fund. That's not included in the administration proposal. It just doesn't make sense to me. If you're going to get where we need to be with transit and you're going to fund that purely out of fuel taxes and out of some other transportation modes user's pocket you'll never get there and it's not fair. It's not fair to do it that way. We think it needs to be looked at.

Mr. Chairman, this is basically my comments. I want to say on behalf of the Transportation Research of AASHTO, you have shown dedication to this. You have been at almost all of the meetings that I've been to, and we're in certainly good hands.

And Congressman Roe, it's great to see you at the helm of this. And Congressman Gephardt, the administration bill last year was about twelve and a half billion that was raised in ninety-one to fourteen and a half. Significant step in the right direction. We ap-

preciate your leadership. And Congressman Emerson and all the rest of you are absolutely great. You have given us time, three times already, and we couldn't ask for more than that.

Thank you very much and please let us be any kind of resource we can be to you.

Mr. MINETA. Thank you very much Mr. Muri for your fine and complete statement. Let me ask, because you talked about the five-year planning process or authorization bill that's so important, and I think we will get a five-year bill because we think five years is important in terms of a planning process. But the thing that sort of bothers me in your statement as well as the Governor's statement is the fact that now we may be talking about those states that haven't finished their interstate. Now, you have been very conscientious in the fact that you, you were one of the first states as I recall to complete its segments of the interstate system in the early 1990s, and now you're saying don't make any special provisions in terms of the apportioning the amount of monies to complete the interstate.

Now, doesn't that sort of fly in the face of a good planning process? Admittedly the portions of the interstates that remain uncompleted today have been the tougher ones to try and complete, tougher because of environmental problems. Tougher because of construction problems. Tougher because of the amount of money it's going to take. So the easy ones have been done, have in the past and now we've got to the point where we have to complete the interstate system, but they are without any question the more costly ones and the tougher ones to do.

So should we be saying to New Jersey, should we be saying to Massachusetts, should we be saying to California, no let's try to cancel those projects and reapportion that money for distribution to the other states?

Mr. MURI. It's a good point. I think there is a good middle ground. I think if the interstate completion monies are separated completely, allocated to the states, that almost completely ties the hands of the states to chase that kind of ninety ten money and will force them to complete projects that somebody ought to take another look. Yes, a lot of the uncompleted projects should be completed, but don't stack the deck. It would almost force states to maybe embark on projects that somebody should take another look at.

Mr. MINETA. What about transferability? Should that exist in terms of two ways that—I guess the concern I have is that the administration's bill permits only 15 percent transferability out of the National Highway System because of the greater amount of the money in the National Highway System, roughly a 70/30 split between the two programs. And I was wondering do you believe that the 15 percent level is appropriate for a two-way transfer?

Mr. MURI. I think it's appropriate, but what I'm a little concerned about is the transferability to me is in the wrong direction. The transferability, I believe, is to be able to transfer from the National Highway System to the rural urban and other programs. If we indeed are going to stress a national highway system, and that's speaking changing two-lane roadways to dual-lane roadways, that's what we need to do. Transferability should be the other way.

That's the only one way, that I disagree with. I think the number is okay.

Mr. MINETA. Now, are you also supporting the lower federal matching ratio on the assumption that the overall federal highway funding level is going to be increased?

Mr. MURI. I think that's a tough one, and I think I would look at it like this, if you look back at how the—for the last number of years the participating ratio has been eighty to eighteen. Why? Basically because of a lot of interstate. I think that was right, and very high federal participating ratio. We would never have built the interstates across the western states if we wouldn't have had that. That's over. It's a different world, and I think it is practical and makes some sense to look at different matching rates. But, again, as the Governor mentioned, I would plead to you if we do that and then use the fuel tax for deficit reduction, you put us in an absolute no win position.

Mr. MINETA. All right. Mr. Emerson?

Mr. EMERSON. No question, Mr. Chairman. I just want to thank Mr. Muri for his statement and say that we from Missouri are well aware of what a real gem and asset we have to have someone like Wayne to work with. He understands the policy and he has technical competence and can explain things to us in lay terms and that means a lot and we thank you for what you do Wayne.

Mr. MURI. Thank you.

Mr. MINETA. Chairman Roe?

The CHAIRMAN. Thank you, Mr. Chairman. I do have some questions. I want to share the comments that have been expressed about Wayne Muri, because I happen to know a lot about him, I know the people in our State think a great deal of him. He has been a great asset to this nation because he has taken the time to understand the program.

You raise the question, so I have to ask it—vis-a-vis the point of view when we go back to page two, and I quote, if I may, "as a result of all the past twenty years Missouri has been a loser under the existing programs since the early 70s," further quoting, "in fact we have lost over $700 million because of the makeup of the current program for funding our nation's entitlements." Can you explain to this Member how you lost the $700 million?

Mr. MURI. Yes, I can, and I would be pleased to do that.

The CHAIRMAN. That's what I want to get on the record.

Mr. MURI. Mr. Hammerschmidt mentioned, touched on this a few minutes ago. Simply to look back from day one, federal program, and from the dollars paid in, plus the interest that's been accrued, and what has been returned to Missouri there is almost a three-quarter billion dollar loss of money that came out from Missouri plus interest earned between what we received. Why? Yes, some of the authorization appropriations were okay, but obligations control were not okay. We weren't permitted to spend those funds, that's how much short we are in Missouri and back until the early 70s Missouri was indeed a winner.

We moved rapidly with the interstate and had a good flow of funds.

The CHAIRMAN. Because you did a good job you were penalized.

Mr. HAMMERSCHMIDT. Will the gentleman yield.

The CHAIRMAN. Of course.

Mr. HAMMERSCHMIDT. On those funds, if you got what we're holding up through an obligational ceiling that still wouldn't bring you back to par, would it? You only turned up $60 million.

Mr. MURI. Yes, but that is a significant number.

Mr. HAMMERSCHMIDT. I know it. But it still wouldn't get you to par, I guess?

Mr. MURI. That's right, that's right.

Mr. HAMMERSCHMIDT. Thank you, gentlemen.

The CHAIRMAN. That's the point. I'm trying to get out of the blue smoke and mirrors and get down to where the real money is, because that's what gets the highways built, not all the other dialogue from my point of view.

So therefore, in effect, what you're saying, if Congress would just get out of its own way and let you people spend the money that we charged you taxes for, then we would be able to take monumental steps forward in the whole program, is that correct?

Mr. MURI. Absolutely.

The CHAIRMAN. Okay. Let me say this out of curiosity. Your state is smaller than New Jersey, but the problems are the same. Some friends tell me if I get flexibility, if I don't have anything in the pot I don't have any flexibility. I intend to raise this nationally.

Mr. MURI. The idea, if we're paying our money into a trust fund that supposed to be inter-modality, and we want to use the money, at least our proportionate share, should we not have the right in our respective states regardless of formulas within reason, to come back and say I want to build this road. Give me my money, even my proportional share and let me do it my way. Because we're willing to raise that money hopefully to be able to achieve that goal rather than have some artificial formula drive you in the direction of what your transportation system should be. If I in New Jersey want to put 25 percent of the money that's coming from my taxpayers to apply to rapid transit, my mass transit program to meet the requirements of the clean air bill, should I not have the flexibility in my State to this with my money.

Do I have to have the Federal Government tell me no, you're going to get this formula or that formula, and therefore in order to get your return on the money, your investment in sending to Washington, you have to build more highways, therefore the question goes as follows. We should when we talk about flexibility give much more latitude to the States, not all of it, but much more latitude to the State to be able to make the decision to be able to meet their five year plan, and their five years of spending that comes from their respective citizens in their States. Is that unreasonable?

The CHAIRMAN. Well, it's not unreasonable, and I think that's the very least we'd expect. What we're looking at as far as the proposal, we see put on the table, is a dramatic breakthrough on that issue.

Mr. MURI. Right.

The CHAIRMAN. We're up to twenty-some categories and probably ten to fifteen or more is what we used—we're down now to three with great flexibility between these three, that is a great move forward on this proposed program.

One more comment, Mr. Muri. This Member's point of view is that the transportation program, wonderful as it was from the Eisenhower assistance to when we got it done, is over. America needs a 21st century transportation system. It's not the same thing. You know, reauthorizing this bill without looking to the transportation system of the future, will never achieve inter-modality unless we bring these whole thoughts together at least sometime into a working vehicle.

When we come back and say in order to finish the interstate we've got to spend "X" amount of dollars, therefore we should allocate, sounds reasonable. Your observation is well, yeah, that's okay, but hey guys, the money you're going to spend on those very extraordinary pieces that we have to complete might readily be more effective today if we use them in other directions. I think that's what you said basically.

Mr. MURI. Yes, sir.

The CHAIRMAN. And I don't fault that in part. The second question I think this raised is that we're talking about a highway transportation system of national significance, that's a wonderful thing for defense purposes, and I hope that the relationship is also for the economic security that Congresswoman Horn mentioned this morning, because that's also a part of it. Now, the question is who decides that?

Now, here we are in Missouri, and let me play the Devil's advocate—you'll probably throw me out—but I'm going to say what I'm thinking anyway, because I think its a national issue. If we determine that the proportionate share should be spent, and you raised that question on the level of income versus the rural area and so forth.

Now, who decides that, that system of national significance? Does Missouri want an input into that? New Jersey wants some input, we don't want Washington to tell us. In my State, you think because you got this many miles, you're a little State and so forth, therefore you allocated a share of what we're going to maintain, and a small State is going to be much, much less, and it's going in California, or it's going in Missouri, in Texas, any vast State.

Should a large bulk of the funding, that is the same people's money, donor States, go into that area without really good closer consultation with the States. Do I make any sense to you?

Mr. MURI. You certainly do, and you can probably suspect what my reply will be. Obviously the States must have a voice in this. I can't believe that we can make the best decisions in Washington at what are the right routes, the right system, the right highways, the right investment in the State of Missouri. That's basically what we're talking about.

The CHAIRMAN. Well, you made the point, and you're a nationally recognized leader in this field. I'm not saying that to be nice, I happen to know its true. But you mentioned that in Missouri offer its presentation to the feds, maybe you did, I don't know. No, it kind of came the other way, we got it back on the federal level.

Mr. MURI. That's right.

The CHAIRMAN. I would think it's the duty and obligation of the committee for all of the 50 States that are involved, to take a very strong look at what's allocated State to State in that particular

system, because that's going to determine the proportionate share that's going to come to the States ultimately once they carve out that big chunk of the highway system of national significance. Is that a fair observation?

Mr. MURI. Yes, it is, and there is very one important factor here. Absolutely you must decouple the flow of that funding to the National Highway System from those miles in the system. You must connect the funding allocations of the national highway system again to the gallons of fuel being used or some such mechanism. Don't couple that as we did with the interstate, and there were reasons for the interstate. Do not couple that funding flow with miles in that system, et cetera.

The CHAIRMAN. Thank you, Mr. Chairman.

Mr. MINETA. Mr. Hammerschmidt, did you have a question?

Mr. HAMMERSCHMIDT. Well, I just wanted to make a statement to Mr. Muri, to thank him for being here and to thank him for being at that other hearing where you were, Mr. Chairman, down at Springdale, Arkansas. We still have that same interest, that highway improvement from Kansas City to Shreveport and beyond. But anyway, mainly from a national standpoint we appreciate very much you're being here because you do have top credentials and all the engineers, for good reason, they made government engineer of the year, so we're just appreciative for your testimony and your knowledge, and I know we will see you again in the course of all this activity.

Thank you very much

Mr. MURI. Thank you.

Mr. MINETA. Mr. Gephardt?

Mr. GEPHARDT. Wayne, I'm glad Missouri stole you from Illinois, even though Glenn's not glad, but we're very happy to have you. It's been a pleasure and an honor to work with you on this legislation. I just have one very quick question. If we increase flexibility between all these purposes, then how can we be assured in Missouri that mass transit, which is coming hopefully into its own both in St. Louis and Kansas City, we'll get a fair shake?

Mr. MURI. I think the decision is made in the right place. It's made back here in Missouri, it's made in areas such as St. Louis, as to what are the trade offs between highways and mass transit. We make those decisions in this kind of arena, we're going to have the right decisions. I still feel, though, not to continue to fund mass transit as it has been for a long, long, time, at least partially out of general revenue is a real mistake.

Mr. GEPHARDT. I totally agree with you. It's a commitment we made to have a mass transit system, as weak as I think it is in the country. I'm sure when you were in Europe you saw a mass transit system along with a road system that is far superior to what we have in the United States, we've got to work toward that end. Thank you very much.

Mr. MINETA. Mr. Poshard.

Mr. POSHARD. Thank you, Mr. Chairman, just a couple of quick questions.

Wayne, southeast Missouri and southern Illinois share something that is second only to California, and that is that we are a major earthquake fault as you know.

Mr. MURI. Yes.

Mr. POSHARD. Does this dramatically increase the cost of new surface transportation infrastructure from an engineer's point of view of complying with the regulations of building public structure?

Mr. MURI. Absolutely.

Mr. POSHARD. Does it have any impact upon additional monies that have to be spent when you build a highway or a bridge in these areas?

Mr. MURI. It certainly does. Obviously we must design and construct as earthquake, maybe not proof, but at least highly resistant to earthquakes. We know alone today just to focus on key routes in southeast Missouri and to make it with modifications we need to keep them open, we're looking at $80 million of retrofit today, just on retrofit.

Mr. POSHARD. On present structures?

Mr. MURI. On present, and that's not counting the things that we're doing on the new structures, which we are doing, which is more expensive.

Mr. POSHARD. So, the dollar is not going to go as far in those areas where we face this earthquake problem?

Mr. MURI. Not nearly as far.

Mr. POSHARD. One other quick thing. I noted in the Governor's testimony he made some reference to increasing the maximum load capacity of trucks on the nation's highways in comparison to Europe, building a 130,000 pound capacity as opposed to our 80,000 and so on. As an engineer, what's the cost benefit ratio of our doing that in this country?

Are you advocating that we build at the specifications to reach that sort of maximum load capacity in our transportation system? Is it worth it to the economy in your judgment?

Mr. MURI. I think it's something we better take a look at and simply learn the lesson from Europe. They invest three or four times as much as we do. They're making terrific investments. Will we ever reach those levels of investments, I doubt it.

But I can tell you what they're getting in return. They're handling loads at 30 to 40 percent heavier than ours. We have run our studies, we know that tremendous benefits, returns from the heavier load if we can do that. They're doing it and their building pavements that are handle——

Mr. POSHARD. How much more is it going to cost just to build to that specification? Is the tradeoff worth it in your judgement?

Mr. MURI. In my judgement to reach what Europe has done, no. To go farther as we have gone as far as designing heavier pavements, you bet we ought to do that.

Mr. MINETA. Ms. Horn.

Ms. HORN. Mr. Muri, thank you. Just to follow up on what Glenn was just saying about the earthquake fault, you're saying we have $80 million right now that should be done along the fault line to prevent disaster. We didn't have an earthquake, but we all know its coming. It's just a matter of time.

Are there special pots of money available somewhere for earthquake preparedness, or would you just have to take it out of whatever pot is available?

Mr. MURI. That's right. We did terrific in 1987, by a vote of the people, the folks of Missouri that that proposition would generate, which took away our flexibility to do these kind of improvements that are so necessary. That's why this federal program is so vital to us. No, we don't have a special pot of money.

Ms. HORN. I think we all have the horror fixed in our minds the picture of San Francisco and the collapsing roadways and we will talk about that when we have more time.

Thank you very much.

Mr. HAMMERSCHMIDT. Well, thank you very, very much, and in following up on this earthquake, as a representative of California we'd be more than happy to trade our earthquakes for your rain. Thank you very much.

Mr. MINETA. Wayne, thank you very, very much.

Mr. MURI. Thank you.

Mr. MINETA. At this time I would to call forward a panel made up of the Honorable Vincent Schoemehl, Mayor of the City of St. Louis; the Mayor of Carbondale, Illinois, Neil Dillard; the Honorable Jay Nixon, Missouri State Senator; and the Honorable Larry Thomason, Missouri State Representative.

Vince, you've exhibit over the years the fact that you are now a third term mayor with the ability to handle the job and you're well known in terms of revitalizing St. Louis, and especially in helping adverse neighborhoods.

And, of course, Mayor Dillard of Carbondale, you have not only a good person in your representative, but former, now a colleague in the senate, a former colleague of ours in the house was Paul Simon. And Paul and I came together in 1974, and Glenn, of course, is not serving that district well

So again, it's a pleasure to have this panel, and Vince, Mayor Schoemehl, your statement will be made part of the record and so if you would go ahead and proceed in your own fashion.

**TESTIMONY OF HON. VINCENT SCHOEMEHL, MAYOR OF ST. LOUIS, MO; HON. NEIL DILLARD, MAYOR OF CARBONDALE, IL; HON. JAY NIXON, MISSOURI STATE SENATOR; AND HON. LARRY THOMASON, MISSOURI STATE REPRESENTATIVE**

Mr. SCHOEMEHL. Mr. Chairman, Members of the committee, thank you very much for the invitation to appear before you today. It is a pleasure to welcome you to St. Louis, and I want to express my appreciation to you and to Congressman Gephardt for arranging this hearing.

I especially want to welcome Congressman Roe and the Missouri delegation, Mr. Emerson, and our newly elected Congresswoman, Ms. Horn, and the other Members of the Committee. St. Louis is already known as the gateway to the west. It is in fact the crossroads for much of the nation's transportation system. Continued reinvestment, renovation and modernization of that system are critical to the economic health of our region and to the nation as a whole. Therefore we are vitally interested in the federal programs and policies related to our surface transportation infrastructure and operations.

While we are still in the process of completing a comprehensive evaluation of the very recent Bush Administration proposal, we already have numerous comments of concern about—based on our work so far. These are included in my written testimony submitted in advance to your committee.

Most I have summarized, however, into several broad categories which I will just take a few minutes to highlight this morning.

We do not believe that the Administration proposal truly provides a quote new vision for the coming generation of service transportation, unquote, as recently stated by Secretary Skinner, or adequate and equitable funding to carry it out. Rather it fosters, and in many cases exacerbates inequities in programing and funding among surface modes and between urban and rural areas.

Further it appears in many instances to be completely inconsistent with national goals recently established under the new Clean Air Act, and with a thoughtful and reasonable national energy policy. Examples include the much vaunted new flexibility in highway and transit programs. While funding for both transit programs and the proposed urban rural program may in theory be allocated for either highway or transit needs. Both programs are under funded. The bulk of federal funding will go to the proposed national highway system, where most funds will not be transferable and where federally financed—where federal financial participation will be significantly higher.

Amtrak's rail passenger system, an increasingly important means of intercity travel in some of the nation's most congested travel corridors will suffer significant funding reductions. Federal participation in Amtrak's popular 403B program would be eliminated altogether at a time when ridership is steadily increasing and costs are steadily diminishing. Without 403B St. Louis will lose train service twice daily to Kansas City and twice daily to Chicago.

At a time when the Persian Gulf crisis has demonstrated to every American the importance of achieving energy independence, this assault on energy efficient environmentally sound rail service seems particularly short sighted.

Public transportation in larger metropolitan areas like St. Louis is once again under attack. Another sample of the programs inequities and inconsistencies with energy and environmental policies. The elimination of federal operating assistance from metropolitan areas of over one million population, the reduction in Federal share for capital projects, especially for new rail starts, and the closing off of general fund revenue for public transportation expenditures are simply unacceptable.

While overall levels of authorization are slightly increased, the thinking behind the planned obsolescence, if you will, of these funding levels at the end of a five year period leaves us deeply troubled about the real nature of the federal commitment to public transportation in urban areas. We hope that you will examine closely the ways in which project priorities will be set and funding allocations made under the proposed urban rule program which will consolidate a number of today's separate categories.

It is difficult to imagine that anything will be gained by pitting a state's urban and rural against one another in a competition for scarce funds. Rather the program should provide a proper frame-

work within which all parties may participate in the development of a comprehensive statewide plan. As part of the program frame work we strongly urge the committee to go beyond the administration's loose language about fair and equitable allocations and establish standards for allocation between rural and urban projects and for substate regional areas.

We further urge the committee to increase the federal share for the urban and rural program to 75 percent and to continue the rail highway crossing safety program. We share Secretary Skinner's conviction that the competitiveness of the U.S. economy in the global market place is linked to the efficiency of our transportation system.

In this regard, however, it appears to us that under the administration proposal our nation will continue to fall behind in providing high speed ground transportation. While the Europeans and Japanese are implementing increasingly fast, efficient, comfortable systems, this legislation provides only minimal research dollars for a single technology, magnetic levitation. We should by all means increase our R and D commitment to MAGLEV.

In addition, however, we should be providing funds for actual applications of high speed ground transportation systems in selected travel corridors across the country. Such a program will address a variety of important national goals, energy efficiency, environmental quality, alleviation of airway and roadway congestion and job creation.

Before I conclude, let me mention just a few of the critically important transportation projects vital to our community over the next five years. You are aware, I'm sure, of our commitment to expand and modernize Lambert St. Louis International Airport at a cost of approximately $1.3 billion. The process to carry out this program is well underway. In order for us to stay on target we need your help with rerouting and depressing Lindberg Boulevard, allowing for a new runway and associated taxi-ways to be located on top.

The cost of this project is twenty million with the federal share at 75 percent of $15 million. Also critical to Lambert's expansion is the relocation of a half mile section of Interstate 70 to make way for the clear zone of the second runway and new terminal facilities. The cost for this relocation will be approximately $28 million with a federal share of $22 million. The airport itself will be covering another $45 million in costs associated with this I–70 relocation.

We have in the St. Louis area a very serious Mississippi River bridge capacity problem. While Missouri and Illinois are not beginning the process to study a new Mississippi River bridge, our most urgent problem at present is the need to resurface the Eads bridge, a national historic landmark. Funding for rehabilitation of the bridge structure and its rail deck is already committed as part of the St. Louis Area Metro Light Rail Transit Project and work will begin late this spring.

Major cost savings in rehabilitating the automobile deck above can be realized if the work can be timed to coincide with the planned light rail construction and if costly future interference with rail transit operations can be avoided. We estimate the cost this important multi-modal project at about $15 million.

Let me comment to you on our proposed multi-modal station project which will provide at long last a permanent home for Amtrack in downtown St. Louis and allow for the first time direct interface among Amtrack, light rail, urban transit and Greyhound intercity bus service. This proposed St. Louis Regional Transportation Center will also allow travelers to access numerous city bus lines, part on the downtown periphery and reach locations in the core by a light rail transit and travel directly to Lambert St. Louis International Airport by light rail transit.

In addition a nearly completed FAA study addressing the need for and feasibility of a downtown heliport has identified the site as an idea for such a purpose. The facility will include a complete range of support concessions as well. We hope that you and your colleagues will agree that this proposal provides an excellent example of the benefits of inter-modalism and that it is worthy of federal support.

Again, my sincere thanks for coming to St. Louis and inviting me to address you today.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you, very much. May we proceed on to Mayor Dillard of Carbondale.

Mr. DILLARD. Mr. Chairman, Members of the Committee, members of the staff, thank you for this opportunity. I would like to present a sort of grass roots approach to highway development, transportation development as we believe it can serve Illinois.

In the spring of 1989 the Southwestern Illinois Team, we've nicknamed that Swift, was organized to develop a regional nonpartisan cooperative effort to work for a major four lane highway to connect deep southwestern Illinois with the St. Louis Metropolitan area. Representatives from Jackson County, where Carbondale is located, Curry County where the world renowned Du Quoin State Grand Circuit Harness Racing is located. St. Clair County immediately east of St. Louis. Randolph County, the home of the first state capital and many many tourism attractions and Monroe County, immediately south of St. Clair County, one of the fastest growing counties in Southern Illinois.

We're all involved in this regional effort. It's long been recognized that we need a major highway between the St. Louis metropolitan area and deep southern Illinois. We're talking about an area that is shown on the map, it's basically one hundred miles southwest of the metropolitan St. Louis area. That is the direction that we are talking about.

Improved access to and from the region is also very critical for tourism development to support the continued viability of existing business and industry, and Congressman Poshard and others have already mentioned the importance of economic development and what the highways could do for economic development in the rural area. The specific location or route, of course, will be determined by future studies, but the representative from this area are now working together in support of the project and regardless of where the specific location of the highway is.

Since it's inception SWIFT has garnered substantial grass roots support in the region. We have resolutions from our county boards, our city councils, our township governments, the chambers of com-

merce and other business development organization plus a large diverse group of our industry and our business organizations. Southern Iilinois University with major campus at Carbondale, 24,000 plus students, 21 Ph.D. programs and Southern Illinois University of Edwardsville just northeast of St. Louis metropolitan area are strong supporters of this project.

Chancellor Peddit has included that in his strategic plan noting the importance of this highway for the future of the university campuses in terms of student, faculty, and staff recruitment and the role of the university in serving the regions of Illinois and to some extent Missouri. The lower Mississippi Development Commission, which many of you are very familiar with, a seven state commission formed by the Federal Government to study and make recommendations regarding economic needs, problems and opportunities in the lower Mississippi Delta region also cited the need for improved transportation access in southern Illinois region.

The SWIFT effort is now being focused on the state and federal levels where financial resources must be provided to finance the design and the construction of the highway. We bring this to your attention today, this paper has been formulated by a volunteer group of people, all volunteers, to bring it to you and with our Congressman Glenn Poshard on the committee we wish him to address this in his own way. We have had briefing with Governor Edgar, the newly elected governor of Illinois. We have met with Illinois State Department of Transportation officials who are supportive of this project, or state representatives, some like Missouri's representatives right here, have met with us and are in strong support of this project.

The need for the four-lane highway will be further heightened if, and we believe should be. Scott's Air Force Base is developed into a joint military civilian air transportation facility as many, many are advocating at this time. We believe that the time has come to push for this long delayed transportation improvement in deep southern Illinois and we would respectfully welcome your support.

And an added point about the grass roots support. The southern anchor of this probably would be somewhere in the Carbondale and Murphy's Borough area on State Route 13, which is a major east west highway at the present across deep southern Illinois. The City of Carbondale has taxed itself as a home rule community 1 percent to increase gasoline tax to spend and provide half of the funding with the Illinois Department of Transportation to fund the study on the south end of this project. That's the kind of grass roots support where we think Illinois and southern Illinois should follow. So we're putting our money where our mouth is.

Thank you very much.

Mr. MINETA. Thank you very much, Mr. Mayor. Let me call on State Senator Jay Nixon at this point.

Senator NIXON. Thank you, Mr. Chairman, Majority Leader, other congress folks here. I have purpose. I have chaired a committee like this. I have held hearings throughout the State, and for that reason I didn't give you a copy of a statement that you could look at while I speak, I want to look you right in the eye and very shortly and quickly say what the Missouri Senate feels and stress

with as strong a position and point as I can how important I think these points are.

President Eisenhower established, the Congress established the interstate system the year I was born. Yesterday as I drove back from the Capital here in Jefferson City, back to my home in Jefferson County it took a long time. Of that 130 mile trip, there was 9 miles of four lane highway, and 80 percent of that trip was traveled on road with no shoulder.

I cross a one lane bridge on a State highway, and in another a bridge should be one lane. I dodged a number of pot holes, a number of cattle, and other things as I moved my way back to see my family for the first time in a week. The issues about transportation as you sit on a committee, the same as I do, and I'll head back to the capital and hear the great idea about mass transportation which we all want to support, the great ideas about the many modern technologies that are out there. You all understand as well as I do that in the budget realities facing the country and the anti-tax sentiment that is running around our country, you are going to be hard pressed to do much of anything dramatic.

What we here in Missouri would like you to do is to give us more money so we can send the checks down to Wayne Muri and he can build more highways. We have asked our people in the past to put more money in that pot. I will do that again, I will take the necessary political risks and the people here will take those risks with us, and we will succeed.

The people of this country want and deserve and should expect the best highways that we can build with the resources that we have in our country. And as most witnesses come from on my committee that I chair, they all have one pet peeve, and I also want to state my pet peeve. And that is, I called up the Highway Department about two months ago and asked them why, and at this time scare resources and why there was trouble with bridges and roads. There were these white posts every two hundred yards down the side of four-lane highways, and it indicated that the Federal Government had indicated that we should spend our money that way.

And some study may have shown you that those are going to save lives somewhere and someone may have convinced someone that those things were necessary to our system, but the money used for that could have been used on the roads in my district where over the last ten years we have suffered more traffic that the County of St. Louis even though it has ten times the population we do. We have suffered more tragic accidents along one ten mile piece of road in a given year, and I want to have—ever had in a war, and more in a given ten year period along one seven mile stretch of road than the United States suffered in our recent war in the Persian Gulf.

Put the money where it belongs, in asphalt and concrete on the roads and the back roads of our country. Thank you very much for coming to Missouri, and the Missouri Senate I think would join resoundingly in my comments.

Thank you.

Mr. MINETA. Thank you very much, Sir. With such a short speech like that we could go back to the old phrase of "Nixon professes."

At this time I'm going to introduce Missouri State Representative Larry Thomason. Your statement will be made part of the record and if you would go ahead and summarize and proceed in your own fashion, sir.

Mr. THOMASON. Thank you, Mr. Chairman, Members of the Committee. I'm actually here in a dual capacity. The Speaker of the House Bob Griffin was unable to be here today, and asked me to bring to you his comments and to enter them into the record of the proceedings, and with your permission I would like to do so after my testimony.

I'm here in kind of an uncomfortable position, frankly. On the State level we deal with projects on a State-wide basis. It is very difficult to entertain parochial interest, and I'm sure on your level, on the national level you have problems with that too. But I think that I can talk to you about a parochial project and do so with my head held high and with good conscience because there are many parochial projects that current formulation of current funding levels do not permit to be addressed. I think this project I would like to talk to you about is just a good example of one of those many projects.

Prior to becoming a State representative I spent six years as a director of the Kennett Chamber of Commerce. In that position my primary responsibility was that of economic developer. I'm here today to bring your attention to highway—our Federal Highway 412. This highway begins in Jackson, Tennessee, crosses the Missouri boot hill and continues on to Walnut Ridge Arkansas. Currently the section in Tennessee has been upgraded to an improved four lane for approximately one-third of this length. The remaining two thirds is either under construction or in the bidding phase.

In Arkansas upgrading to an improved four lane is in planning stage for a section between the Missouri State line and the City of Paragould and in the study stage for the remaining sections. This highway crosses the Mississippi River on a modern four-lane bridge, the first eight miles of this route in Missouri is a four lane section which links Interstate 55. Highway 412 is a major east west link connecting Interstates 40 and 55 and Highways 51 and 30, which are improved four-lane roadways.

Highway 412 is important to our area for many reasons. First it crosses the Mississippi Delta, which has the highest concentration of poverty in the United States. Many in the Delta are working hard to bring new jobs and opportunity to our area, but are hampered in their efforts because of lack of adequate transportational access. Industry, when survey lists access to a four lane highway as the most important criteria in choosing an expansion location. More parochially, existing industry in the boot hill explains that they are more likely to expand their current operations if transportation are improved.

The way to solve the poverty problem in the Delta is not through transfer payments or other government handouts, the way to solve the poverty problem is providing increased job opportunity. Improving Highway 412 would be a major tool in providing those new jobs. There are several other reasons for improving this roadway, but I think I would like to mention to you what I consider the least obvious and possibly the most important.

The boot hill is an area awaiting a disaster, very beneath our fertile soil lies the New Madrid fault. This fault has produced the most destructive earthquake on record in North America. Specialists tell us there is a 50/50 probability that a major quake will happen in the next twenty years. Preparation for this event is vitally important to the residents of the northern Mississippi Delta. Many states have initiated programs to help with earthquake mitigation. Even with all this preparation many lives will be lost and a great many others will be injured and left homeless.

Being able to initiate a rapid response following a major seismic event will save many lives and relieve much suffering. Highway 412 could provide an invaluable artery to speed relief into the area. The bridge spanning the Mississippi was constructed to withstand the most—all but the most violent earthquakes. Improving his route to a four-lane roadway would insure the other bridges and overpasses could survive and allow needed relief to readily gain access into the area.

I urge you to give every consideration to this vital link spanning the Mississippi Delta.

Thank you.

[Hon. Bob Griffin's statement follows:]

STATEMENT OF HON. BOB F. GRIFFIN, SPEAKER OF THE MISSOURI HOUSE OF REPRESENTATIVES

As Speaker of the Missouri House of Representatives, my position dictates that I protect the needs of our State as a whole. Therefore, I am pleased to have the opportunity to address this subcommittee and call its attention to Missouri's transportation needs.

When our 32,354 mile state highway system was first established the system had a life expectancy of fifty years. Now, after seventy years, and a ban aid approach to system problems, we are paying the price.

While we were the first State to begin construction of the interstate system, that system is now carrying loads much heavier than it was designed to bear and is past its prime. In fact, our urban interstates are ranked forty-eighth in the United States and our rural interstates do not compare much more favorable at forty-fifth.

As a State, we fall in last place in national comparisons of bridges. Approximately 60 percent of our 23,000 and 10 bridges are deemed substandard. One third of them are considered structurally or functionally deficient.

And what is our crumbling transportation system costing us? Rough roads are causing increased car and truck maintenance for our citizens. We are paying more for road repairs because by the time we can afford to take on a project, inflation and increased damage over time have both contributed to the cost factor.

We are losing industry to other states with more attractive transportation systems, and that means less tax revenue, employment and investment. Higher process for goods and stifled economic development are being felt by small towns when large trucks cannot enter because of low bridge load limits.

Motorist safety is being compromised. Our highway department predicts we could save eight hundred lives and avoid 16,434 injuries and 53,943 accidents over the next 10 years if we had the funding to meet state needs.

So while Missouri voters approved the $6 billion program, Proposition A, in 1987 to rebuild and repair our transportation system, a recent survey reveals our State needs five point five billion above Proposition A to meet our transportation needs over the next 10 years.

Under the current federal highway program, our state has only been receiving an annual amount of two hundred and fifty million. This portion is drastically less than Missouri's fair share.

For every dollar we are sending to Washington, we are getting less than 85 cents in return. Yet our motorists rank fourth in a national comparison of the amount of miles driven and pay a disproportionate share of deficit reduction.

The present federal formula, based primarily on a state's land area, population, and the mileage of various types of two-lane highways, allows large western States

to get large shares of federal money, in spite of the fact that their road networks are considerably smaller than our State.

Naturally, under these circumstances, we will be glad when the present formula is retired October 1. But we want to ensure that a more equitable method will take its place.

We believe that the new formula should place a higher emphasis upon usage. This could be accomplished by stressing more heavily the total gallons of motor fuel taxed and the public road miles.

This action would place Missouri's share closer to 2.5 percent of the total fund, which approximates what we contribute. According to present predictions of a $21 billion federal highway program for each of the next four years, Missouri would see its current funding level doubled.

Only last week, our chamber sent the Senate a joint resolution asking that the voters be given the opportunity to decide if the State Highway and Transportation commission should be given the power to construct, operate, and maintain toll facilities.

I have appointed a task force this legislative session as part of my "Missourians First" program to assess the transportation needs of our state.

Through the steps we are taking as a state and by placing our partnership with the Federal Government on a more equitable footing, I believe we can avert the crisis which Missouri's transportation system is facing in the next ten years.

I would ask that the subcommittee take the severity of our situation into consideration in planning the new formula.

Mr. MINETA. Very well, thank you very much, Representative Thomason.

If I could direct a question here to Mayor Schoemehl. You're talking about the bridge replacement and rehabilitation program, and I'm wondering would the use of tolls on bridges and encouragement of private sector involvement be an adequate means of reducing the backlog of, let's say, the needs specifically in this area, but maybe as you might have looked at it?

Mr. SCHOEMEHL. Currently toll roads and bridges are unconstitutional in Missouri. But I think that there is a growing consensus that we are going to have to move towards toll roads. The Regional Commerce and Growth Association, which is our local Chamber of Commerce, has recently supported such a proposal, and I support it too. Whether or not we want to move toward tolls on an interstate bridge, it would be something that connected two states would be something that Congress would have to address, but we are going to be moving toward toll roads in Missouri.

Mr. MINETA. Now, the administration's legislative proposal for reauthorization provides for 70 percent of funding for the National Highway System, and 30 percent for the urban rule of flexible program. You made some comment on that on page three of your testimony. I was wondering, what should the future funding allocation ratio be for the national highway system and the urban rule flexible program?

Mr. SCHOEMEHL. Mr. Chairman, I think the concern that I'm expressing here is a reflection of many of the people in the metropolitan area that we see two things in any of the federal legislation. Number one would be a higher proportion of federal mesh, and secondly that we have some sort of an outline, if you will, of how any urban rural program would be divided.

The reason for that is that if we are going to have a strategic transportation system in this nation, a transportation that really serves the strategic needs of the 21st century economy, the Congress is going to have to play at least the role of referee, setting out the rules by which the division will take place between urban and

rural interests. For example, it is a strategic goal of the Congress through the Clear Air Act to clean up the air in urban areas, and so you tell people in urban areas that we have to clean up the air. By definition that means we have to move towards a more thoughtful use of mass transit.

But then to turn around and send back to the states with maximum flexibility the transportation dollars and say, okay, fight about it and it inevitably pits urban interests against rural interests and defeats the strategic purpose that the Congress has already spoken to of trying to clean up the air and the nation. Now, the point that I would make is that I think this committee and Members of the Congress have got to see transportation not as a discreet and independent activity that we undertake, but it is a component in creating an overall strategic approach to the kind of society we want. And to simply say to the states, you guys go sort it out after you establish the funding ratios, I think is a mistake, and you know, I respectfully disagree with some of Senator Nixon's remarks. That I do think that we need more highway construction in Missouri, but I think that it would be very short sighted of this committee and of the Congress and of the state to ignore the fact that transportation is a multi-modal undertaking in Europe and in the Pacific Rim, and we are simply falling further and further and further behind in other modes of transportation as well as highways.

Mr. MINETA. Mayor Dillard and State Representative Thomason, let me—to the extent that we are setting broad public policy as the Mayor indicated, and you're talking about some very specific projects, and as effective as Congressman Emerson is on the committee and in the Congress and as effective as Congressman Poshard is on the committee and the Congress, it is still going to require, it seems to me, you say local public support. But to what extent have these been included in a state, let's say five or ten year capital improvement program to get recognition from that state that yes, these are important projects. These are important for us to take some state monies in order to match federal monies that would be coming in in order to get these projects going.

To what extent have State Representatives or the State Agencies already said, yes, this is important, we ought to put it in a five year CIP and we're willing to put state money into these projects?

Mr. Mayor?

Mr. DILLARD. The Illinois Department of Transportation officials have asked us to include, to talk with them, to include this in their next five year plan. So we are planning that they will——

Mr. MINETA. Until they say, yes, we are going to allocate this as part of our five-year program? You're just input at that point. It isn't a real thing until it comes out in a five-year capital program or whatever vehicle the State of Illinois uses. And I would think the same thing here in Missouri. Unless it's—as much as may have ground swell support for it, until the state says yes, we will include it as part of the five-year capital improvement program, its still a good thought.

Mr. THOMASON. I think, if I might, you are about to address this problem, probably better than even the state can. In Missouri we have to allocate at the limited funds we have for improvements to

highways to the most priority projects and receiving recognition for a project like this is very difficult regardless of the worthiness of it, because a lot of the funds you have to have received the greatest match it requires that they be done on certain types of routes. The state always wants to take advantage of the matched money.

So by increased revenue flowing downward to the state, these projects like this have a much, much greater opportunity of being addressed.

Mr. MINETA. But what you're asking, it sounds like, is that these be included specifically as quote demonstration projection unquote on the federal level. It just seems to me that if it's not important enough in terms of priority at the state level, how do we include this as a demonstration program at the federal level and so to speak, jam it down the state's neck. Unless we also say, well, we'll go ahead and allocate this, but we will take it out of the state's share.

Now, I think Wayne would be right back at us saying, well, what's the big idea of designating this as a state project and then taking it out of my state allocation, that makes no sense. So that's why I'm saying it really is a bottom up process in the sense that yes, there is recognition as there is at the state and county level, there's got to be recognition at the state level to be part of the CIP in order for the feds to say yes, this is something that ought to be recognized.

Mr. DILLARD. Mr. Chairman?

Mr. MINETA. Mr. Mayor.

Mr. DILLARD. We hoped that over a five-year period of time, I think I heard this earlier today, that you would be working on a five-year bill, and I think that's what the State of Illinois, of course, will be doing as well as Missouri, and certainly those of us in Municipalities work on a five-year capital improvement program, and so this is in the planning process.

But if you set the mechanism, the process of the mechanism that these projects can be implemented, that's I guess all we can ask.

Mr. MINETA. Thank you. Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman. I have several comments I would like to make more than questions. First of all, Senator Nixon, I appreciated your statement. I really think that we are trying to do what you urged to do in a certain way. It may not seem that way at times, but I really believe that what we are trying to do is to give you the resources at the state level to do what the state according to its priorities must do. I would as a native of Jefferson County, I would agree with you what a long way it is and what the obstacles are between Festus and Crystal City and Jefferson City, but they don't begin to compare with what Representative Thomason has to go through all the way coming up from Kennett.

So we are, indeed, sympathetic to what you're talking about because you did address some very significant points there.

Also Larry, Representative Thomason raises the question about our being in the earthquake zone, and it occurs to me that the bridge, the highway that he's talking about, that bridge across the river there to Dyersburg is the only one that has been designed, I think, between St. Louis and Memphis with the prospect of earth-

quakes in mind. I think it's the only one that measures up to and seismic standards, and I think that we probably should in the course of our reauthorization here give added emphasis to taking seismic considerations into account in those regions of the country where we have a problem with earthquakes. And you have raised a very, very good point, and it is one that I think and hope that this subcommittee and the full committee can address. It also occurs to me that we have shared jurisdiction with other committees on the subject of pipeline safety, and in addition to examining the bridges we need to look at our natural gas pipe lines all come under the Mississippi region down in the region of New Madrid. And we will be handling some pipeline safety legislation also this year and your comments on the bridges raises that question, something I also think we ought to take into account.

Mayor Dillard and Representative Thomason both have commented on the Delta Commission and its report and many very valuable recommendations that were made by the commission relating to the Mississippi Delta region which transcends many state bounds. The commission, as you know, is at an end, and we have formed a Delta Caucus in the Congress, of which my good friend Mr. Poshard is a very active Member and Chairman Mike Espy of Mississippi, and I am the Vice Chairman, and we have all of the representatives from the Delta regions joined together in a Delta caucus. And I would hope that one of our goals, and I say this to address concerns that you raised with me that the Delta Caucus itself would seek the opportunity in the course of this authorization to focus, to highlight on some of the infrastructure problems of the Delta Region as a region.

We're doing it here, we're getting some good licks in for Missouri and Illinois, but we need to regroup and also come at it from a Delta Region perspective as well. And Mayor, I want to say, I don't say what I'm going to say to argue with you, I understand where you're coming from, but I'm one of those who believes we do best when we send the money to the states to spend according to their priorities. I know what you're talking because you're needs are great in the St. Louis metropolitan area. And we in outstate Missouri want you to succeed in metropolitan St. Louis because your success will help us also to be successful. You're a wonderful market for a lot of our products and what have you.

But you know as we look at the allocation, there's state and federal matching funds that go into the formula here and one of the problems we've had in Missouri has been the difficulty of getting out-state Missouri tax measures that are necessary to come up with the matching funds. And part of the reason for that is that outstate Missourians feel that the State's resources go to meet the needs of Kansas City and St. Louis and the rest of the State doesn't get the proportionate attention because the density of population is in St. Louis and Kansas City. And I would hope that we could work together cooperatively from the federal level and from the state level as well to find the right mix so that out state doesn't feel that it's getting the short end of the stick.

I think we could go a long way to improve urban rural relations if we could find that proper mix as it relates to our infrastructure. Now, I would be glad to work with you.

Mr. DILLARD. I appreciate that.

Mr. EMERSON. We have tried to find the right way of putting that to the people quite frankly.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you. Mr. Roe.

The CHAIRMAN. Well, I want to thank all of the panelists for very thoughtful and excellent testimony. I think it's at the grass roots level where it starts to make a difference, where the action is. I would like to have a little colloquy with Mayor Schoemehl. I think your points are extremely well taken. You talk about the elimination of federal operating assistance for metropolitan areas of over one million population, the reduction in federal share for capital projects, especially for new rail starts, and the closing off of general revenue for public transportation expenditures are simply unacceptable. Give me your view.

Mr. SCHOEMEHL. Well,——

The CHAIRMAN. I mean, we're talking urban rural, and I certainly agree with the distinguished gentleman from Missouri, Mr. Emerson, that there has got to be a balance, and I think you refer to that. What does flexibility mean, what does fair play mean, who determines the fair play? None of us are in a position not to be practical politicians that know where the votes are, that's a little more testy for somebody else to make that statement, but I thought it had to be made.

Mr. SCHOEMEHL. I think the point that I'm trying to make about the urban rural split, there should be some consideration of category and purpose of expenditure. You know, there aren't in the Delta Region many air quality standard problems. There are in Kansas City and in St. Louis. And part of the solution, not just in Missouri but in urban areas across the country, has to do with mass transit solutions.

What the administration's bill proposes first of all is to eliminate general funds for urban mass transit and then it proposes to send back to the states an amount for us to sort out between the urban and rural programs.

The CHAIRMAN. Will the gentleman yield at that point?

Mr. SCHOEMEHL. Yes.

The CHAIRMAN. You have a very telling point, because I agree that the proposal comes back and says basically that communities or cities that would be of a million population, they lose out entirely is what it amounts to?

Mr. SCHOEMEHL. Yes.

The CHAIRMAN. And therefore, how does that fit St. Louis? St. Louis is a million people, isn't it?

Mr. SCHOEMEHL. Well, the metropolitan is 2.5 million, the city itself——

The CHAIRMAN. Well, you lose, don't you?

Mr. SCHOEMEHL. Yes.

The CHAIRMAN. So, in other words, actually, people are talking about it, they call me and say what we should be doing. I'm not faulting the administration, but isn't it basically true right there out on the table before us, St. Louis today, if this proposal goes through you lose.

Mr. SCHOEMEHL. Ten million dollars a year.

The CHAIRMAN. You lose.

Mr. SCHOEMEHL. Ten million dollars a year.

The CHAIRMAN. All right. And then, you know, you come back, that's the point I was trying to make earlier. I don't think I was understood. That's the first point, then we come back and say, well, yes, but we're going to—we're going to take the cap off, and we're going to expand the money so it will be available, it's not going to give us more money. You've taken a billion bucks away from me besides. So it seems to me that one of the things, if I may speak for the City of St. Louis today, enjoying your hospitality and having a chance to see that wonderful arch and so forth. I understand you started that back in the 1930s, they were telling me. I hope we can do better on our mass transit, and it's my State I'm not talking about.

But all that notwithstanding, isn't that on the table though. If the Congress were to say, goes on and goes on and goes on and set from the mount this whole solution and therefore we're going to have it go to transportation, then you lose?

Mr. SCHOEMEHL. Correct.

The CHAIRMAN. Well, so does the State of New Jersey, therefore I'm concerned about that, would that be reasonable?

Mr. SCHOEMEHL. It is to me.

The CHAIRMAN. Let me comment, if I may. It's about what we're trying to do in the more rural areas, smaller cities like Carbondale and so forth, and I think two of you said you'd take advantage of the match.

Mr. DILLARD. Yes.

The CHAIRMAN. And that's only logical because we're politicians; if we don't do that we're going to get drummed out of office. You can't let money drift down the tube. Therefore the premise and the philosophy I'm trying to interject here is that how that match comes together and what the levels are going to be is going to determine the priority of the States, not the reverse. People are coming back and saying, well, it's this. Senator Nixon made the point, it's the reverse that's going to decide that. That isn't true. I know that my State only has a limited amount of money. Some legislatures only meet every two years, and if I've got a five year plan and three years down the line I've got to get my dough up, I've got to go to my people and get the money.

So therefore, whoever is chasing the first instant dollar, what he would have to do as a good politician is place his priority as far as the 5-year State plan, is that only reasonable to say?

Mr. SCHOEMEHL. Very much so.

The CHAIRMAN. So, therefore, some of the other projects that we're talking about that may have the greatest merit in the world haven't got a chance; and it doesn't really mean that you are arguing with rural and urban, those projects can't happen. It's all well and good to say that the States should decide, and that's the point you're making.

You're saying there has to be responsibility that begins to emerge so we start looking at what the needs to meet these other laws are about; and so forth, and start to give the other areas of the State a chance to be heard. I can assure that there is not total agreement on the committee by any stretch, but I have high regard

for our chairman of our transportation committee and one of the great Americans in this field.

This is an argument, why should we in New Jersey subsidize you in Missouri; why should there be demonstration projects? But I'm just wondering should we be talking about a demonstration project as the only way we can get them done. Does that make any sense?

Mr. THOMASON. If I can comment on that, I'll tell you why frankly I think you've hit it exactly on the head. In Missouri because of the competition for funding for projects that we—there's really two great considerations. First, of course, is traffic count, and the loads that the roads bear.

The CHAIRMAN. And if the gentleman would yield.

Mr. THOMASON. Yes.

The CHAIRMAN. The good senator made the comment in his presentation, hey, give me something. You know I drove a 136 miles and it took me four hours to get here. And our Majority Leader speaks of what we're doing on Route 21 because it was death's highway. You made that point, there were more people killed in certain areas around the State than were killed in Desert Shield and Desert Storm. Well, should it only be highway miles that is a determining factor? Should it only be urban rural? Shouldn't there be some determination made on human factors as what's needed in this?

Mr. THOMASON. I firmly believe so. Let me just tell you of a survey that was recently done by industry. Now, in my area we're vitally out trying to get jobs, as I mentioned we have one of the highest poverty concentrations in the United States. We go out and work very hard to get jobs. The transportation is so important. I'm not sure everyone is aware of how important it is for us to get jobs.

Industry was surveyed; a survey that was published in December of last year said that 92.3 percent of the industry said that highways were the most important factor in determining where they were going to locate. As something to throw that against, only 22 percent of them said rail was ever important to them. Highways are vitally important and it's a factor that no—Wayne Muri is never going to consider economic development when he decides what to do with highways, that is not a consideration for his highway department, and I understand his reasoning, I won't argue with that point.

But if you're talking about the reason to do a demonstration project I can think of no better reason beyond that.

The CHAIRMAN. Thank you, Mr. Chairman.

Mr. MINETA. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman. Representative Thomason, you touched on a road that I'm very familiar with, because as 412 goes on west it goes through my home and it goes through Harrison and Springdale and Oklahoma and on west.

Mr. THOMASON. Yes.

Mr. HAMMERSCHMIDT. And on the other end of that highway I have the same interest you have, and there is no doubt that it is very important to economic development on the Delta over on your side of the State, on Bill Emerson's Congressional District. So I want to work with you and with Bill in trying to upgrade that

road. I wonder if the State of Missouri has identified Highway 412 as a priority project. Do you know whether it is a priority project?

Mr. THOMASON. Congressman, I can tell you that we have been lobbying very hard, and frankly I'll explain to you the difficulties we're having. As I mentioned Arkansas is progressing right along with some of their work on Highway 412 as far as upgrading to an improved four lane. The State of Tennessee basically is finished; everything in Tennessee is either being—is constructed. Being constructed or in the bid phase. Yet in Missouri we can't seem to get any recognition for the project. With the committee's indulgence, everybody has their little parochial story, but I had a good friend from the northern end of the State, a colleague, that the only reason why the boot hill is in the State of Missouri is because Iowa sucks.

We sometimes feel like the Highway Department doesn't give us the consideration that we deserve.

Mr. HAMMERSCHMIDT. Well, let me shift over to some remarks, from a segment made by Senator Nixon. You know, Senator Nixon, in your lifetime we've had the largest work project in the history of the world, that's the 42,500 miles of the Interstate. But that's what started the highway trust fund. And during those intervening years, you know, the focus was on the trust fund, and that's what the Federal Government's responsibility was. They spend $115 billion and the States matched that with about another $15 billion, and a ninety ten matching ratio.

The reason I make this point is, we are now in the end of that 35 year period, so we can address those points that you make, because Missouri had 1,177 miles of Interstate, I think, and that's all finished now, but you have about 8,200 miles of primary. Now, when you draw these new lines, or highways of national significance, and decide how we're going to spend that money right at that point is when we begin to address the points you're making because then the Federal Government begins to have a responsibility. Highway 412 would be one of those if you decide within Missouri that that's one of them.

We have to decide that in Arkansas as well, and 412—let me say I don't think has that high a priority in our State decision making, but we're going to try to get it up there just as you are. So we appreciate all your testimony. We appreciate the urban testimony here. We understand the frustrations in dealing with that. And we appreciate your statement.

Thank you, Mr. Chairman.

Mr. GEPHARDT. I'm not going to ask a question, I'm going to make a statement. Which has kind of built up in me as I've listened to this panel. This has been a painful panel for me, to hear my friend Vince. I was on the board of Aldermen with him in the city. He talks eloquently about the needs of the city, and the urban area. He talks about clean air. Listen to my friend from the State Senate talk about the need for rural highways.

This morning we stood in the rain down at Highway 21, where blood alley used to be. And heard my other friends here from Illinois and southern Missouri talk about in one case a very specific need. It is obvious to me that in this country we are not spending enough on these needs. The Chairman talked about the need to

spend the money we have. We didn't have the courage in the budget last year, and I chaired the summit for six months. I've listened to all of those issues, and the reason we didn't make the move we should have on the highway trust fund is because we didn't have the courage as a nation. I don't want to blame anybody in particular, but as a nation, we did not have the courage to either cut other domestic programs or to raise taxes or to see that this trust fund, the money that's been put in it by the taxpayers in the gasoline tax all gets spent year after year on the highway programs of this country.

Now, let me talk about energy policy for a minute. We talked a lot about Japan and Europe here today. There's a good reason they have a better infrastructure than we do. The gasoline costs per gallon in Japan is four bucks as we sit here today. The gasoline price in Europe is $3.60 a gallon on an average. I do not come here today to call for those kind of tax increases, but I am here to tell you that they have had an energy policy in those countries the 30 and 40 years that we have not had.

Now we just lost a hundred people in the desert, that exercise cost of $50 billion, that's four years of the highway trust fund. We were there in part because we are dependent on the middle east for oil. Fifty-five percent of the oil in America today comes from foreign sources. If we don't get an energy policy soon it will be at 70 percent before the century is out.

Now, people talk about gasoline taxes, people talk about oil import fees, which has been my favorite. They are painful things to talk about and frankly in the budget summit we put a nickel on a gallon of gasoline, and I'm here to tell you that in the last six months a gallon of gas has gone from ninety cents to a buck and a half and nobody ever noticed the five cents. Nobody even knew it happened. I was in Saudi Arabia in August and I saw the wealth of the royal family. The royal family has an income of $75 billion a year, and most of that money comes from our people right here in the United States.

Now, it is time, in my humble opinion, that we get next to ourselves, that we face this challenge squarely, that we understand we don't have enough oil in this country and that we get an energy policy in this country worthy of its name so that we can invest in energy and we can invest in our infrastructure and we don't have to sit through hearings like this with everybody saying, you know, don't give it to him, give it to me, because my need is greater than his.

The truth is your needs are both great, all great, and we need to have an infrastructure management policy worthy of the greatness of this country. I'm sorry I had to get that off of my chest. Thank you.

Mr. MINETA. Thank you very much, Dick.

Mr. Poshard.

Mr. POSHARD. Thank you, Mr. Chairman. And in view of what our distinguished colleague just did, I want to get something off my chest, too, in support of my mayor and just perhaps giving a scenario or an example of the combination of a need for an energy policy and the use for a transportation policy that's effective for all of us.

Mayor Dillard is from an area that just recently completed a study in just a few small counties with several cities of 10 to 25,000 people each. We're the fourth largest center of population in the state of Illinois, if you combine those few rural counties together. And yet we have no direct access to the largest metropolitan area to which we are closest, St. Louis.

Now, last year as a larger nation policy the Congress and the President signed a Clean Air Act. I understand the national need for clean air—none of us opposed that. But my district is all high sulfur coal mines. That Clean Air Act, while it's good for the nation, is going to cost my district 10 to 15,000 of the best jobs that we have. And we're all rural and we're all coal miners. Now, our economy is going down and I suffer that same fate with nine other states in this nation which depend upon high sulfur coal to sustain their economy. We have made a national priority of clean air and yet our economy will falter in the coal mining parts of this country.

Now, we need the highway for accessibility to St. Louis in order to diversify to create those jobs. And I will tell you what further complicates this. The President's budget this year took $600 million out of clean coal burning technology research which we have to have to have any chance of implementing the technology so our coal miners can continue to work. It's not going to be in the budget. Why? Because of the national deficit problems which were exacerbated by the war.

So this is a very complicated situation. A sound surface transportation program will eliminate some of the problems that are created by other national priorities such as the Clean Air Act. Whether or not we can ever convince our State, to say this is another issue. I've got a city with four and a half million people on the other end of my State, you know. Probably it's going to be difficult for us to do that.

So if we don't have a chance as a rural area needing accessibility to a metropolitan area, needing the jobs that we're losing, if we don't have a chance to do that through some mechanism we have problems, and we're going to continue to suffer.

The CHAIRMAN. Will the gentleman yield?

Mr. POSHARD. Yes, sir.

The CHAIRMAN. If the gentleman would yield to me, I would like to share in this with everyone. There were Members coming from all over the country. God knows we have our own problems in our system. You, in Missouri, have stimulated us now that we are expanding some of our broader thinking. The gentleman is striking the nail right on the head. Everybody talks—Senator, you talked about competitiveness.

We know in this country right now because we do not have our act together. The administration is Balkanized, the committee is Balkanized we come out now and we're now talking about a transportation act and we're talking about mass transit, that's the argument. We'll work on that and we'll come up with an answer. Over here we work with the airports. We work, and then we have all the hearings and we all get involved and we work on the airports, we get that accomplished.

We go over here and we work on the harbors of America and then we get all of that done. None of the three relate. So if we're going to compete in the global economy, the point you're making, and provide the new wealth that this country needs, the only way you're going to create the resources that you need for education, which we all support, and the idea of health care for our seniors and health care for our nation and so forth, we've got to create new wealth in the global economy. How do we do that?

We do that by having the courage not to spend on transportation. That isn't even the debate today. Do we take our limited resources and do we invest them where we're going to get a return. That is the basic question. Should it be based only on miles traveled or all of these other things thought of, or should it be said that if we invest that money over there we're going to get a return ten to one on that investment? If we invest over there we're going to bring that ten to one. What does that mean? It's bringing in new wealth and giving us new resources to work with so the transportation system of the nation should not be handled as any other thing. It is the biggest—short of military—it is the biggest single investment of the people's capital of this country. It goes into the estate of the people which creates the wealth of the country.

So we've got to get a mindset change in the States. We've got to get a mindset change in the administration. We've got to get a mindset change in Congress. We are not just authorizing a transportation bill, or extending the transportation bill. Not from this member's viewpoint or from the committee's viewpoint. We're coming back and saying we have an enormous opportunity if we use this vehicle wisely and with wisdom to move the nation and to achieve what you're talking about.

So I thank you for indulging. I don't fell like an outsider any more. I look to see if you had a vacancy coming up in your redistricting.

Mr. POSHARD. Thank you, Mr. Chairman.

Mr. MINETA. Ms. Horn.

Ms. HORN. Well, I think this has been very instructive to the committee members. I think you're hearing a whole lot of how Missouri works and doesn't work.

In this state we have rural and urban concerns. But the main point is, of course, what Mr. Gephardt and Mr. Roe just stated. Our national transportation policy should fit hand in glove with our national energy policy and we don't have either one. We will be debating both of those as the weeks go on. We have, many of us, been very disappointed in what has come from the administration in both of these areas.

States and regions deal with overall transportation plans. At the moment, there are disincentives in the way we give back money to the states. There are disincentives in the response to formulas in that the formula encourages large road and highway projects where you get a higher federal share; and this hurts the rural areas. So those are some of the kinds of problems we need to fix. I also know our mayor has a problem, he has an unpronounceable last name, which is Schoemehl, but he does not fault anyone who does not know how to pronounce that.

Mayor Schoemehl brought up a very good point that when the Federal Government sets an energy policy, it must have a transportation policy that gives incentives to the states to follow what fits with the overall policy. And without the expensive markers you mentioned beside the road, well, that doesn't fit. Safety, including earthquakes—special kinds of conditions—special economic development issues, these all should be taken into consideration.

So another thing to keep in mind is how little we're willing to tax ourselves in Missouri. On this side of the river our gasoline state tax is eleven cents, isn't that right, Bill? In Illinois I believe it's twenty-two cents. So right there we are—our neighbors in Illinois are already, taxed up at the state level twice what we are in Missouri for highway improvement. On the other hand I found out the other day that the way Germany is paying their $3 billion tab of desert storm and Japan will be paying their $9 billion because they're adding it straight on to the price of gasoline at the pump. Their people are going to know why that war was fought.

Our people may soon forget. We should continue to remind them. If we began to pay at the pump the real cost of gasoline, a lot of the things we're talking about here today would not be problems. If we could include, somehow, the military, the health, and the environmental cost, in that pump cost, which is now around a dollar from a dollar fifty, we not forget again so quickly. If nothing else, those of us in leadership position, and I will do my part, let us not forget.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much. Let me thank the panel very much for your being here today and appreciate your testimony.

At this time in furtherance of local government, let me call on Mr. Buzz Westfall, the County Executive of St. Louis County, Ms. Elizabeth Faulkenberry, Presiding Commissioner, Jefferson County, and Mr. Eugene Schwendemann, presiding commissioner for St. Charles County. It's great to have all of you here and you're statements will be made a part of the record.

So, Mr. Westfall, if you would go ahead and proceed.

**TESTIMONY OF BUZZ WESTFALL, COUNTY EXECUTIVE, ST. LOUIS COUNTY; ELIZABETH FAULKENBERRY, PRESIDING COMMISSIONER, JEFFERSON COUNTY; AND EUGENE SCHWENDEMANN, PRESIDING COMMISSIONER, ST. CHARLES COUNTY, MO**

Mr. WESTFALL. Mr. Chairman, Members of the Committee, thank you for the opportunity. If you will forgive me if I read a statement I will have to depart, I'm running late and I appreciate the fact that you gave us this opportunity.

None of you at the table—well, that's not true. All but a few of you at the table don't know my background or do know it. For the last twelve years I've been the prosecuting attorney for St. Louis County, which is the equivalent of your district attorney in other states. So my familiarity with highways for the past twelve years for the most part was prosecuting speeders on those highways. Now I find myself in a considerably different position.

So let me briefly outline my concerns about the policy recently suggested by the National Administration and the impact it will

have on St. Louis County and the St. Louis region in general, and I might say that I agreed with just about everything that Mayor Schoemehl said. The county I represent has a population of approximately one million people and covers five hundred square miles. Obviously a jurisdiction of that size and population has significant transportation needs. In the past we have met those needs in large part because of the partnership between local, state, and Federal Government. That partnership has enabled us to build roads and bridges and allow our citizens to move about the county which has incurred invaluable economic development for us too.

I am concerned that reducing federal participation on rural and urban highways from 75 percent to 60 percent places a new financial burden on local government at a time when we simply do not have the resources to make up for the loss. If this policy is implemented some road and bridge needs in my county will go unmet, which will compound the problems we already face aging infrastructure.

In short, St. Louis County would suffer if the Federal Government retreats from its commitment to local transportation needs. I would speculate that in St. Louis County alone we perhaps have close to about a billion dollars in infrastructure needs over the next five years. While I have no quarrel with the idea of addressing the needs of the national highway system, I believe that local, urban and suburban transportation needs must not be abandoned at the federal level.

For example, in south St. Louis County, which is represented by your colleague Dick Gephardt, Interstate 255 has helped development and dramatic population growth has occurred. Consequently the strain on our county road system has also increased dramatically as well as the state road system, particularly at I-255 and Telegraph Road. Shouldn't the Federal Government assist us in dealing with this problem directly related to the federal interstate highway? My fear is that the reduction in federal participation today may be a signalling of federal abandoning of local needs in the next few years. The consequences for St. Louis County and the region would be terrible.

St. Louis County and other areas governments have designed their future road and bridge plans based on a consistent federal commitment. As you know it is difficult enough to address critical transportation needs now by reducing the federal role will make it worse. Along those same lines I am concerned that local government is given a place at the decision making table. We need to have a voice in determining transportation priorities. I would respectfully request that as you work on this legislation as your work proceeds you maintain a consistency of federal policy in this area.

Another concern of mine has to do with mass transit. I'm sure you will hear from others about our regional efforts to establish Metro Link. Any retreat on the part of the Federal Government area will hinder our efforts at the establishment and successful operation of our regional light rail system. Our political business and civil has worked diligently to see the success of this project. The citizens of the region are enthusiastic in their support for light rail. I would as that you do all you can to insure stable and continuing federal operating funds for mass transit. In short, as you formulate

the policy decisions this bill will establish please treat local transportation needs with equity and fairness. Make room for our voices to be heard in the process.

We have participated in and benefited from the federal and local partnership in years past. Our partnership has been productive and positive. St. Louis County, our region wants to see that partnership maintained. If given a fair shake we can continue to do a good job for our people and for our economy.

That's the statement that I'm sure is into the record, and I read it for my own benefit as well as yours, and unless you have something you want to ask specifically, I will beg the indulgence of my comrades at the and you to depart at this time.

Mr. MINETA. Let me very quickly just ask one question before you get away, Mr. Westfall, and that is, what's the status of the feasibility study of extending the Metro Link light rail project into Jefferson County?

Mr. WESTFALL. Well, right now there are a number of—the feasibility study is in progress. I don't know, you'll—there are people here that can tell you the target date for when that will be completed. Right now we are going, as you would know, from Illinois up through St. Louis up to North County, St. Charles County wants to become involved. South County wants to become involved. At some point West County. If this is successful we look at this to be the transportation for the 25th century, and that's why I'm very hopeful that no money diminishes or disappears. Everybody is excited about the light rail situation and we look forward to the ground breaking of it this year, but there are some experts here in that field that can tell you exactly what the time table is.

Mr. MINETA. Any other Members who would like to ask Mr. Westfall any questions before he gets away.

Mr. GEPHARDT. I just thank you, Buzz, for your coming and waiting so long. We really appreciate you taking the time to be here today and we certainly appreciate your testimony and want to work with you in writing this bill.

Mr. WESTFALL. I appreciate that, Dick. I might add one other thing, Vince Schoemehl asked me an hour before I came up what I was going to say about in my address, but Interstate 170 is one of the greatest highways probably in the entire country. I can't tell you what's that done for the St. Louis community both the city and the county. South County would dearly love to have it extended to South County which is sort of a forgotten area by way of that particular highway.

At the present time there is no money, there are no real plans on the drawing table. But Congressman, your former colleague, Congressman Young was here earlier and he, to a large extent, is the one responsible for that great highway. So at some point in the future we may be hoping, asking for your help in that regard.

Mr. MINETA. Very well, any other comments. Again, thank you very, very much, Mr. Westfall.

Mr. WESTFALL. Thank you.

Mr. MINETA. Ms. Faulkenberry, welcome, and we were in Jefferson County earlier this morning, so nice to have you here.

Ms. FAULKENBERRY. Thank you, Mr. Chairman.

Mr. MINETA. Why don't you slide on over there to your right and take center stage.

Ms. FAULKENBERRY. Thank you, Mr. Chairman and Members of the Committee. I want to thank you for the opportunity to appear before you and testify on behalf of Jefferson County and its needs. Jefferson County has made great efforts to become self sufficient over the past twelve years, and it's become one of the most progressive counties in Missouri. It has gained voter approval on six major tax issues in twelve years. These include the County General Revenue Sales Tax of one half cent, a bridge bond issue which has replaced forty-three deficient and dangerous bridges.

A County Capital Improvement Sales Tax of one half cents for reconstructing seven hundred miles of County Roads. A County Law Enforcement Sales Tax of one half cent, a County Library Tax of 20 cents per $100 valuation. And most recently an emergency telephone or 911 system.

The voters have adopted planning and zoning. The County Commission has adopted its first solid waste ordinance, which has cleaned up 2,000 illegal dump sites, and has built a new jail due to be completed June 1, 1991. We feel that in spite of this praiseworthy local effort Jefferson County has faced problems, whose solutions are too expensive to achieve without your help. I want to apologize to you, I was called from Washington, I believe from Congressman Gephardt's office, and I misunderstood the thrust of the committee in the sense that I thought you also wanted to hear about infrastructure needs, and my testimony that you have reflects that.

I won't go over those unless you particularly want me to. I'll just talk about the roads. And I want to tell you that we very much appreciate the fact that you visited our County this morning. It was our pleasure to play a small part in arranging that visit. I did give instructions for it not to rain, unfortunately that was not followed.

We have been very fortunate within the past few years since the passage of Proposition A to have a lot of new state highways coming into our county. Highway 21, which you saw this morning is an outstanding example of that. At the same time Highway 21—I mean Highway 30 has been extended four lane, dual lane highway to Cedar Hill. This is very important. But one thing we don't have and one trip I hoped you might be able to take, and you didn't—you couldn't because of time, was to cross on Highway MM, which is our major east west arterial road along with M and Highway W.

And it's quite thrilling on a rainy morning, the curves are quite sharp, the traffic is very heavy. It's a place of a lot of accidents. I think if Horace Greeley had lived in Jefferson he would have not said "go west young man", he would have said, "go north until you find a way west", because we don't have any way to go east and west except by the most rudimentary roads.

These highway projects are very vital to Jefferson's County's future, both economically and in every other way in safety. And the complete lack of an adequate east west highway is very detrimental to our county. However, the cost of such a road is far beyond the county's ability to achieve. And we must rely on the

Missouri Highway Department, in turn they must rely on federal highway trust fund money.

I have been surprised, I guess I would say, not to hear any complaints this morning about the proposed increase in local share. We really see that as disaster, and I will tell you why. At the present time, believe me, we've made a lot of contacts with the state highway department to request that we have an east west highway, it's been a need, and a priority identified by east west gateway study many years ago. But at this point nothing has happened. And each time that we talk with them they explain to us that there is no possible way that we can build an east west highway until we have an additional gasoline tax passed in the state of Missouri.

And when I add that fact up with the increased local share, this arithmetic does not bring joy to Jefferson County. Because I can't imagine how they're going to meet their commitments with increased local share when they can't do any roads that they haven't already got plans for right now without an additional Missouri gas tax. Believe me, Jefferson County voted in favor of the last gasoline tax very heavily, it was carried with a great majority, we all worked for it. And we would be willing to do so again, but we do not think that increasing the local share to the State Highway Department could in any way help them, and that's a very basic look from a county, a rural county, that's going to a suburban county.

I do want to mention that the counties in the State of Missouri are pleased. I am the president of the Missouri Association of Counties, and we have talked about this in our meetings. That we're pleased that there is not any increase in the local share proposed in the off system Bridge funding at this time by the new federal proposal. Missouri counties own and maintain over 50 percent of all the bridges in the State of Missouri and of that 50 percent, seventy-five percent of those bridges are deficient with a sufficiency rating of less than 50 out of 100 points.

So I think I could fairly say that the county bridges in the state are not good. That is not a situation that has improved much, although counties try very hard to meet the federal and state highway requirements for siting a new bridge, it's very difficult. Often it is hard for them to come up with their local share. And so over the past few years not a great deal of progress has been made in that respect.

Jefferson County is very interested in another aspect of transportation, is very interested in light rail mass transit. Over 60 percent of our workers in Jefferson County travel into St. Louis and St. Louis County every day to work. With our population at 170,000, according to our last census, we believe this represents a large ridership. And if you go into St. Louis in the morning on the highways you see how really congested they are with that many people trying to make their way into St. Louis.

Jefferson County wants very much to be a part of Metro Link and we are working now, we have a committee formed, we would like very much to have a study on the feasibility of extending Metro Link into our county if it would be economically feasible.

With that I would thank you again for having me here and I would be willing to answer any questions that I can from the Jefferson County or counties viewpoint.

Mr. MINETA. All right. Thank you very much. Let me have Mr. Schwendeman present his testimony first, then we'll get into some general questions.

Mr. SCHWENDEMANN. Mr. Chairman, committee Members, committee staff, my name is Eugene Schwendemann, I have some——

Mr. MINETA. I think for the purposes of the microphone and the cable, I would like to ask you to come up here.

Mr. SCHWENDEMANN. I'm presiding commissioner of St. Charles County, Missouri. St. Charles County is located approximately twenty-five miles west of St. Louis and has a population of approximately 212,000 residents. St. Charles County has over the past 10 years experienced some unprecedented growth and is one of the fastest growing counties in the nation.

Today many of the American cities are experiencing rapid growth and most welcome the prosperity and the opportunities and challenges that accompany an explosion in population growth. Along with the growth in the business sector. We believe the quality of life in St. Charles County will benefit as the result of the growth presently being experienced. However, we also believe that particular consideration should be given to the developing of a post interstate surface transportation assistance act that will address the needs of the states with rapidly growing area such as St. Charles County.

Specifically rapid growing areas such as St. Charles County would benefit from a program that would address the need to relieve the grid lock traffic conditions. Traffic relief would provide for enhanced quality of life for our residents and would allow economic development activity in the community to continue. We believe that the interstate rivers must be a priority in the new act. Furthermore states with rapidly growing areas such as St. Charles County would benefit from a bridge program that no only allows for bridge replacements, but that also would allow for construction of new bridges.

Particular consideration, we believe, should also be given to the rural bridge program. We would like to urge that such a program be adequately funded and the federal requirements be less stringent. Although we are not strong advocates of the federal aid toll authorization, we believe that with the limited resources that may be available to the states perhaps this should be an option. We firmly believe that there must be spin down on the surplus in the Highway Trust Fund. We are convinced that utilization of trust fund would go a long way towards addressing infrastructure, needs of the state and communities with various needs.

Continuation of the revolving fund loan program we are convinced is critically important to our growth area seeking to preserve corridors from development for future proposed highways. The State of Missouri has taken advantage of this program on behalf of St. Charles County. We believe the interest free program should be continued.

I understand that others will speak on the need of properly funded regional mass transit studies, capital expenditure of regional mass transit systems and operations of subsidies for regional mass transit systems. St. Charles County is seeking to advance alternate analysis of light rail feasibility study. If feasible, who

would expect to participate as a local sponsor. However, without adequate federal assistance advance in such projects would be difficult.

Finally, we would like to urge that Missouri receive its fair share of federal highway funds. Under the present formula Missouri receives only 85 cents back for every dollar sent to Washington, DC. We would also like to urge that any future proposals to increase federal gasoline tax allow for such funds to be utilized for transportation only rather than for the deficit reduction, that there be a greater flexibility in transportation programs.

Thank you, Mr. Chairman, for the opportunity to provide testimony on behalf of the program which states such as Missouri and high growth areas such as St. Charles County with its transportation needs. Thank you very much.

Mr. MINETA. Thank you very much, Mr. Schwendemann. Let me ask Ms. Faulkenberry, Jefferson County, you indicated, has taken the initiative to tax its own residents to generate revenues for addressing its infrastructure needs.

Ms. FAULKENBERRY. Yes.

Mr. MINETA. I'm wondering, do you think local governments are better able to generate funding for infrastructure needs than the Federal Government?

Ms. FAULKENBERRY. Well, it's been our feeling that local governments should do their best to address funding needs. There does come a point beyond which local funding just can't take us and I think that's what I pointed out in this, in spite of all of our efforts to improve ourselves and taxing ourselves to do so, we still have problems that we can't address and we cannot raise enough money to address on the local level.

Mr. MINETA. Mr. Schwendemann, you prefer to have the continuation of the revolving loan program for the advance acquisition of right-of-ways. I wonder, has NECOR or anyone done any kind of study that would show what the cost savings might be from having this advance right-of-way program versus the cost of whatever interest payments that would have to be made on buying the property now, holding it for some time in the future where you have the rights-of-way available?

Mr. SCHWENDEMANN. I don't believe there was a study done yet, but St. Charles County has guaranteed that they will buy the—or will guarantee the monies or the funding of the advance purchasing of the Page Highway, the second leg.

Mr. MINETA. And those are done on an interest free basis?

Mr. SCHWENDEMANN. I'm not sure on that sir.

Mr. MINETA. Thank you very much. Mr. Emerson?

Mr. EMERSON. No questions, Mr. Chairman. Thank you both.

Mr. MINETA. Mr. Gephardt.

Mr. GEPHARDT. I thank both of these witnesses for being here and really appreciate their help. Elizabeth is known to me because of my representation of Jefferson County. The county really has done a wonderful job trying to build itself. The infrastructure is one of the fastest growing areas, and I'm sure St. Charles has as well. We will certainly work with you in trying to construct this legislation. Thank you.

Mr. MINETA. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. I have no questions, Mr. Chairman, but I want to thank our witnesses very much for their good statements.

Mr. MINETA. Mr. Roe.

The CHAIRMAN. No questions.

Mr. MINETA. Ms. Horn.

Ms. HORN. No questions, but thank you both for coming and for your patience. And of course, and all of you, you're down the line and a lot of it has been said already, but we will be paying very close attention to you. Thank you both for being here.

The CHAIRMAN. Thank you very much for being here.

Mr. MINETA. At this point I think for a variety of reasons, I think we ought to take a break, and let's reconvene at 2:00 o'clock. And at that time we will start up with a panel headed up by Mr. Josh Bill and Mr. Walt Wildman and Mr. Laurel Thompson.

[Recess.]

Mr. MINETA. The Surface Transportation Hearing at this point is in session.

Our next panel is Mr. Josh Bill, Chairman of the Highway 60 Committee. Mr. Walt Wildman, the Associate Director of the Interstate 66 Project, Incorporated, and Mr. Laurel Thompson, Chairman of the Presentation Committee of Highway 63 Committee.

Gentlemen, thank you for joining us and we'll begin with Mr. Bill.

**TESTIMONY OF JOSH BILL, CHAIRMAN, HIGHWAY 60 COMMITTEE; WALT WILDMAN, ASSOCIATE DIRECTOR OF INTERSTATE 66 PROJECT, INC., ACCOMPANIED BY LONNIE HAEFNER, PROFESSIONAL TRANSPORTATION PLANNER AND TRAFFIC ENGINEER; AND LAUREL THOMPSON, CHAIRMAN, TRANSPORTATION AND ECONOMIC DEVELOPMENT COMMITTEE, GREATER WEST PLAINS AREA CHAMBER OF COMMERCE**

Mr. BILL. Thank you Mr. Chairman. It is indeed an honor and privilege for me to appear before your subcommittee today. As you well know, your panel will cast the die to shape our highway program for decades into the future. I would like to make a positive contribution to your effort and I'm deeply grateful for the opportunity.

Mr. Chairman, I believe the Interstate Highway System is truly one of the wonders of the world. It's a tribute to the vision of our political leadership in both parties and for the past 35 years. This is the circulatory system of our great nation. Isn't that why we speak of highway arteries? Just as blood cells carry life-giving oxygen, these concrete ribbons bring commercial life to communities along their path. I think we take many of these assumptions for granted.

But for those not served by these commercial arteries there can be little hope because there is little future. When discussing Allied plans for the Iraqi Army in Kuwait, General Colin Powell recently said "First we're going to cut if off then we're going to kill it." It seems to me, as the results of the past several prove, that once you cut it off you've gone a long way towards killing it.

But what works for an Army applies equally as well to a region of towns and cities. If they are cut off from the circulation of com-

merce they simply die. Mr. Chairman, you and your colleagues are well aware that the transportation network across this great nation is not complete even though we have determined that the interstate system is nearly complete.

I come before you representing a number of communities in southern Missouri who are still waiting for a viable highway access to the rest of the country. We've been working to expand the existing Highway 60 to a four lane divided corridor across southern Missouri. It's a project that was planned and promised 30 years ago when Interstate 57 was terminated in southeast Missouri. That was many promises ago.

If completed, Mr. Chairman, this corridor would serve the largest area in the eastern two-thirds of the United States not presently traversing an interstate highway. And it is important to clarify. This area of south central Missouri and north central Arkansas has no four lane highway of any kind crossing through it.

Mr. Chairman, this area includes what we know as the Ozarks. And while, like many caricatures, the Ozark hillbilly is more a remnant than a reality, it is true that the Ozarks have not enjoyed the flow of people and commerce that come only with a viable highway corridor. The communities in this region have a great handicap in getting and keeping jobs. Few employers will move to areas cut off from the nation's arteries of commerce and successful employers frequently chose to expand or relocate where transportation access is not a problem.

But beyond what some might consider to be merely a local interest, I believe the expansion of this highway would serve a national goal. It would provide a western outlet to the second largest inland port in the United States of Cairo, Illinois, and a highway connection at the confluence of the two largest rivers of North America. Of course in St. Louis as we've heard before, we're at the confluence of two great rivers, but these are the two largest rivers.

If there is truly to be a commitment to inter-modal transportation. I don't see how Congress can stay silent while this great national resource remains in a surface transportation backwater. I fully realize that the administration intends to turn many of these questions over to the states, but I hope that if and when you agree to do that you will pay very careful attention to the impact of the formula changes they propose.

Mr. Chairman, Missouri is the only state in the country that requires a vote of the people for every increase in taxes devoted to transportation. Increasing local matching requirements, therefore, is a matter of utmost concern to those of us still waiting our term. This is particularly true when there is such a discussion of a twenty-five cent a gallon federal gas tax not for transportation but for deficit reduction.

It seems to me that this notion finds most favor with those in areas of the country that may have already gotten theirs. Such a move would cripple our ability and our hopes to raise revenue through a referendum at the same time it increases the amount of local revenue we must contribute just to stay even.

Whatever the outcome I implore those of you who will write the initial legislation to prevent this "one-two punch" for Missouri. It will destroy our ability to complete our network of highways. As a

minimum allocation state, we get back only 85 cents for each dollar we contribute. But if these proposals are adopted we have been told by our state leaders that that number will go far lower and at that point our hopes for a corridor across southern Missouri and the growth for the Missouri and Arkansas Ozarks will be lost for many years to come.

Thank you.

Mr. MINETA. Thank you, Mr. Bill, for your testimony. We are going to hear from the other members of the panel first and then move to the committee for questions. Mr. Wildman.

Mr. WILDMAN. Thank you. I would like to first express my appreciation to this committee for the opportunity to appear here today. I am Walt Wildman, I represent the Cape Girardeau Regional Commerce and Growth Association as its executive director and also I represent the I-66 Project, incorporated as it's associate director. I wish to speak to you today about a coast to coast highway project known as I-66. I would first give the committee a brief history and then an update and then request your support for this project as it progresses through the feasibility study.

A little over three years ago the highway and transportation committee, of the RCGA was studying ways to connect the cities of Paducah, Kentucky and Cape Girardeau, Missouri. These efforts resulted in a subsequent agreement between the states of Illinois, Kentucky and Missouri to develop a corridor study for the connective highway. At a later date the City of Springfield, Missouri was added to the concept. The project continued to grow with additions of more and more and cities and now spans over twenty-four hundred miles coast to coast.

Because the present interstate system was scheduled to be completed in this year and we were hearing a policy shift from Washington concerning the emphasis for the future, the prospects for a project such as I-66 appeared to be timely. Thus in April of 1989 a meeting of citizens, cities, and states along the proposed corridor was held in St. Louis, Missouri. The result of that meeting was the formation of the I-66 Project, Incorporated.

The stated purpose of this group was to pursue funding for the feasibility study. The I-66 group approached Congressman Emerson with the concept who in turn presented it to the Federal Highway Administration in the summer of 1989. Later that summer the services of L.E. Haefner and Associates were sought. The associates included Real Estate Analysts Limited of St. Louis and Horner & Shifrin, Inc. All firms are nationally known for their work on such projects.

In November of that same year a preapplication or working paper was used as a centerpiece in the lobbying that was to take place over the next year. Officials from the RCGA and the I-66 Project traveled to Wichita, Kansas in December of 1989 to seek that city's support as a full partner in pursuant of funding for the feasibility study. The fact that Wichita is one of the largest cities along the proposed corridor and that they had expressed an interest in the project resulted in a Kansas, Missouri partnership. This partnership led to the formation then of a bipartisan coalition in the House of Representatives between Congressman Bill Emerson of Missouri and Congressman Dan Glickman of Kansas.

Their bipartisan effort joined by many more Congressmen and U.S. Senators provided the needed leadership to guide this proposed funding of the feasibility study through Congress in the fall of 1990. It is our belief that the above-described process presents the best possible use of the democratic system available to us in this great nation.

A group of citizens had an idea that had merit not only locally but nationally. That idea was presented to an elected official, representatives, and to the federal highway administration. The resulting bipartisan support backed by broad based grass roots organization resulted in funding for a feasibility study. The combination of states, transportation, Federal Highway Administration, and this grass roots organization can provide this project with the team approach that would carry the concept through the feasibility study and on into the next phase of the project.

Congressman Robert A. Roe, Democrat in New Jersey, Chairman of the House Committee on Public Works and Transportation and in a recent news release stated the challenge before us, that we feel very well. I quote from that new release. Through this national inter-modal transportation policy we must seek to provide the economic underpinning of the 21st century in the same way that the interstate highway system fueled economic growth over the last 35 years.

To maintain our strong competitive position we must no longer develop separate transportation systems that exist in isolation. To compete on a world-wide basis we must have an integrated multimodal transportation system. The challenge of the next generation is making our separate transportation systems function as a state of the art unified network and that will give our country the competitive edge in competing on a world-wide economic basis. The mission we are embarking on is to rebuild America to meet the challenge of competition in the 21st century global marketplace.

We feel Congressman Roe has a very visionary and exciting view of the job before us. Our group, both the RCGA and the I-66 Project, Incorporated, is awaiting the assignment of specific duties as they relate to the feasibility study. This is presently being discussed between the Federal Highway Administration and the respective state departments of transportation. We are offering to be an integral part to this feasibility study in roles such as collecting matching funds beyond the required 20 percent, which we feel will further indicate the support of such a project.

We felt this type of public private partnership will be a good demonstration of the cooperation that will be required to carry this nation into the 21st century. I would like to Dr. Haefner to give some comments in behalf of this project also.

Dr. HAEFNER. Thank you and good afternoon. I am pleased to have the opportunity to testify today at your field hearings in St. Louis with respect to forthcoming national transportation policy and highway reauthorization legislation.

My name is Dr. Lonnie Haefner. I am a professional transportation planner and traffic engineer. I have been the technical-advisor to the I-66 steering committee and the Southeast Missouri Regional Commerce and Growth Association with respect to the referenced I-66 project during the last two years. The project encom-

passes some fourteen states and offers them the opportunity to work together in overlapping achievement of common regional economic and international trade goals.

This 2,400 mile transportation corridor can be conceived as multi-modal in nature while incorporating forthcoming high technology components of intelligent vehicle highway systems to achieve maximum safety and fuel efficiency. The cross section associated with the alignment is that of high type design standards which include a 200 to 300 foot right-of-way and local service frontage roads. The design speed is conceived at 70 miles per hour with grades and curves within acceptable standards. Originally conceived as two lanes in each direction, it may be developed as three lanes in each direction with one lane dedicated as an exclusive truck lane. Subgrade, subbase, pavement and related geometrics would allow the accommodation of heavy weight trucks sanctioned in the 1982 Surface Transportation Assistance Act. The economic benefits of such operation have been thoroughly documented.

In keeping with the potential for increased performance from our highways, the above cross section may be moved to four hundred feet in width with three lanes at fourteen foot per width, with an exclusive truck lane and design speeds in the range of eighty to one hundred miles per hour. This is possible, though costly, to yield an "autobahn" type of performance level on some of our future highways. Much will depend on design standards foreseen by FHWA for post-interstate systems conceived to have major impact on national economic development.

That American Association of State Highway and Transportation Officials has predicted a doubling of national travel demand by the year 2020. The presence of I-66 will reduce traffic on I-40 and I-70 east to west by approximately one third and yield a longer life of useful traffic flow for these facilities, in addition to reducing accident rates. Transcontinental travel time by truckers will be reduced by an equivalent of two to three days per month, yielding an annual savings per individual truck tractor unit of $7,000 per year.

The direct linkage of east west deep water ports to midwest railroads and gulf coast ports will allow this system to truly act as a land bridge which will increase tonnage across west coast deep water ports and allow the U.S. to become a true international trade clearing house, while maximizing its infrastructure usage in a global resource sense.

Projections by our development economists indicate significant domestic economic impact resulting from the construction of this facility. Preliminary multiplier analysis indicates a positive impact of some $350 billion annually, which are new dollars into the economy due to the presence of this facility. This is truly a significant gain, and illustrates the benefit of adequate highway and transportation corridors to GNP. We would propose the corridor be open to all possibilities for public-private partnership planning and financial participation, including toll roads, mixed public-private investment and usage of new block grant and altered match ratio funding ultimately emanating from the 1992 Reauthorization Act.

We argue that this facility is truly a corridor of national significance and propose it be included in the network developed in the 1992 Reauthorization Act and be conceived as a unique example of

international trade, economic development, high technology, and public private partnership concepts developed in this legislation.

Let me depart from the formal testimony for a moment and speak to a few issues that have been raised this morning. As an individual who has done transportation studies for some 31 years and trained and taught traffic engineers for the last 18, I want to make two points that are particularly relevant: One, transportation is uniquely a lever for growth, two, we have talked earlier today about return on dollars of investment in highway systems through the economy. Numbers that range from $3.50 to $6.00 return per dollar expended have been alluded to. In many cases when we go to inter-modal systems, that return is actually higher, because of often taking dormant land uses and putting them into production, as in the case of a port or railyard with induced industrial developments. Further, we have some numbers from the maritime administration and other international trade and GATT data which indicate that for every one hundred tons that cross a dock, a significant number of jobs are created.

It is important in current national transportation policy to synthesis the issues, of inter-modalism, domestic economic development, and international trade relationships. An accurate understanding of the return on a dollar spent in the transportation system today is necessary in light of where America is in its relative position of international competitiveness.

Thank you.

Mr. MINETA. Thank you, Dr. Haefner. May I ask that you provide the committee with a copy of your formal remarks since we did not have you down for speaking to the committee.

At this point in time we will hear from Mr. Thompson.

Mr. THOMPSON. Thank you very much. I might also add that I'm gratified the name tag said Mister. About half my mail comes to Ms. Laurel Thompson all the time, and I appreciate the gender being right.

I am sorry that the Honorable Congressman wasn't here. At first I would like to know if he is related to our Preacher Roe of Dodger Baseball fame, and secondly I had, I would like to deviate from the material I handed in, most of it is data that I think a lot of it has already been said anyway. But I think in our particular case—excuse me—on who should designate a nationally significant highway. I think in our area on Highway 63 the truckers have already done that. We're seeing tremendously heavy truck traffic, basically Kansas City and areas north and west through Springfield, West Plains, to Memphis, Birmingham and points south and east. Even though major portions of that route are dual laned—are not dualed laned and are terrible inconsistent with the type of road that these truckers really need to use.

But the decision has been made and that we see that heavy truck traffic really contributing to some of our major problems. Maybe it would be appropriate and identify West Plains. We're in the very south central part of Missouri, only eighteen miles from Arkansas, about midway east west across the bottom of the state. We're a town of 9,000. We have no dual lane highways, no natural gas, yet we're the fifth fastest growing city in the State of Missouri. And we are on U.S. Highway 63. We're a hundred miles south of Raleigh

and I-44, a hundred miles southeast of Springfield and I-44, a hundred miles northwest of Jonesburg and the nearest dual lane highway to the southeast that direction.

And I might also add that we're a little over two hundred miles from this particular room and as I started up this morning at a little after 5:00 o'clock and driving from West Plains to Willow Springs, that route or portion of Route 63 of we're most concerned, as I pulled out on the Highway 63 I was behind an eighteen and no opportunity to change that position for the next twenty minutes.

And it's gotten to the point that it's almost standard in people commuting to and from West Plains that that 20 miles supposedly at 55 miles an hour takes 45 minutes to traverse. I was really gratified to hear many of todays comments from this distinguished that I address, particularly relating to rural needs. I think that in our particular area we felt that for over 30 years we've been bypassed and ignored by the Federal Highway System, and I think that it is no coincidence that bypassing also has contributed major, major amounts of problems relating to low incomes, high unemployment in the area, but I'm also very, very happy to say in the greater West Plains area through a lot of hard work on the part of a lot of people, and the fact that we are strategically located so far from most other people.

We reversed that trend. In fact in the data that I submitted during this past summer we got down to an unemployment of only 4.9 percent. In January of this year it was only 6.1 percent. But this tremendous growth in our community has really compounded the problems of Highway 6 in our immediate area. Highway 63 north of us to Highway 60 was designed for a maximum traffic load of 5,000 vehicles a day. Just north of West Plains the latest Missouri Department of Transportation numbers are in excess of 16,000 vehicles per day.

So I think that would probably answer the question why so many accidents on so many of these roads. They are so substandard for the load that they are now carrying. I think the lowest traffic count on that twenty mile stretch is something in excess of either thousand vehicles per day, and on that particular road, also in submitted data, 38 school buses are on or across that section of highway every day during the school year. Average 30 or 40 kids per bus, that is just tragedy just waiting to happen. A lot of these buses have to stop in places that really are not safe for anyone to stop, particularly a bus load of kids.

And talking about the growth that has developed in the greater West Plains area. We have created hundreds and hundreds of new jobs over the last three or four years through very aggressive industrial development. Ozark's Medical Center in West Plains shows tremendous growth, it's become a regional health center attracting patients from in excess of sixty miles most ever direction.

Bruce Hardwood Flooring now has in excess of two hundred employees. Two years ago there were four employees. Southwest Mobil Systems, a defense contractor, and by the way supplier of those scud buster canisters that you saw on television for the Patriot Missiles has expanded from three hundred or three and fifty jobs up to about nine hundred at the present time.

Safeway Charcoal is a relatively new entity, $6.5 million company expanding to the tune of a $2 million expansion during the next year. Ozark Regional Stockyards representing a major part of our local economy is transferring in and out about 4,000 cattle every week just north of West Plains. We have a campus of Southwest Missouri University in Springfield at West Plains. That enrollment went up 27 percent in the fall semester over just a year ago. The spring semester showed about a similar growth.

Retail sales reflect the rapid expansion and growth in our area from 1986 to 1988 we increased at a whopping 15 percent in retail sales. In 1989 we saw an increase of 9.6 percent and in 1990 an increase of 11.5 percent in retail sales in West Plains. So you can see our problem is considerable different that one that I think you described Congressman Poshard. Our problem is not low traffic count. Our problem is a road that is over grossed, we are out of sight. The Highway Department of Missouri is working very closely with us, they have moved two sections of this highway area into the funded area. But we're still looking at five or six years down the road, of course.

But part of that, at least ten miles of Highway 63 in our immediate area is in the unfunded study program. I certainly appreciate the efforts of this committee in bringing about the new highway bill. I really believe that some of the provisions, most of those of which I'm familiar will be a tremendous boon to rural Missouri and rural America. In addition to those positive proposals, I really believe getting the highway trust fund off budget and some congressional dedication to addressing the federal deficit without using highway users funds will solve a big percentage of those problems that we've been talking about today.

I thank you very much.

Mr. MINETA. Thank you very much, Mr. Thompson, for your testimony.

Mr. Wildman, if I could begin with you, sir. Do you anticipate in building I-66 a very aggressive project, as everyone is aware, that we would need to build this to interstate standards, or would we talking about basically linking up a number of four lane roads across the midwest?

Mr. WILDMAN. From the beginning I think our comments have always been cased in a air of flexibility. Our working paper obviously does, as Dr. Haefner has described, call for a very high design of highway systems, a very advanced design, possibly using the present system as a basis.

Mr. MINETA. Dr. Haefner, do you have any comments about that?

Dr. HAEFNER. I would be happy to respond to this question. First of all, there is some of the inventory in the current system in Kentucky and West Virginia that you could use. We're not talking totally new alignment from east to west. Approximately one third of the system is in existence in some format. Ironically, that one third goes through areas of the highest unemployment that exist in the 14 states. We have a complete database on four hundred counties in the corridor relating to economic, impact relationships, and there is no question that the infrastructure in the above referenced subareas need upgrading to create economic growth.

Further, in taking a look at the direction we are headed in terms of inter-modalism, and the opportunity to achieve the most from what we have already passed legislatively in terms of heavy truck relationships, it is much to our benefit to expend the dollars to develop a high type pavement and cross section to yield the capability to move heavy trucks in a national inter-modal network. In other words, appropriate highway connectivity to ports, railyards and multimodal terminals.

To do so, from the viewpoint of classic highway design and engineering specifications, requires standards we currently associate with the interstate level. I am well aware that this particular legislative act will truncate the semantics of the Interstate System and move a series of Highways of National Significance. Within the professional societies, ASSHTO, and the Transportation Research Board, we are seeing a lot of discussion with respect to the exact labels for this emerging 1992 legislated system.

Call the system what you will, you are still going to have to build some high-type facilities to be able to achieve your accessibility, economic and international trade goods.

Mr. MINETA. What has been the response of the state department of transportation along the proposed route at this point in time?

Mr. WILDMAN. Last week on the 21st of February, the first meeting was held with federal highway administration with state DOT representatives. I talked with the folks who attended that meeting. What they tell me, I haven't got this in writing yet, but the response from the states that were in attendance, ten states were in attendance, was extremely positive for the concept and a verbal commitment has been given for the matching funds by the states.

So their excitement, as I understand it, was generated by the vision of the 21st century concept, inter-modal concept, international trade. That's what the state department of transportation official said they liked about the project. So there's meetings going on now, as indicated in my testimony, but that presently is being started.

Mr. MINETA. Thank you. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

The Route I-66, this envisioned project, I may have missed this in your testimony. But is that mostly a new corridor or would it follow other right-of-ways?

Mr. WILDMAN. About one third of it we indicated is presently in force to the eastern part of the United States. It would depend upon the design structure it takes how much of it will be considered new and how much of it would be considered there.

Mr. HAMMERSCHMIDT. You know as they develop this 150,000 mile route system, which I guess Missouri would roughly get 3,500 miles, the key to developing that will be made more at the state than it will be on our level, but we certainly have a voice in it. Let me say the reason that we're here today is that Bill Emerson asked for these hearings last year. I am delighted to be here to hear your case.

Let me say, also, just because Chairman Mineta and Chairman Roe aren't here doesn't mean they don't have the same interest, they had to go on to meetings, but all of this will go on the record.

We very much appreciate all the input and I have no further questions.

Mr. POSHARD [presiding]. Thank you, Mr. Hammerschmidt.

Mr. Gephardt.

Mr. GEPHARDT. Thank you, Mr. Chairman. I don't have a specific question, but I think your testimony has been very valuable. I was not well aware of this particular project that you're talking about. To hear your views on it and what it means to your region, and we will certainly keep your views in mind as we work on this bill. Thank you very much for taking the time to come here today.

Mr. POSHARD. Mr. Emerson.

Mr. EMERSON. Thank you, Mr. Chairman. Well, I want to thank all of you for your very fine statement, and Walt and Lonnie in particular for that great update on the status of where we are. You know I might point out the feasibility study is going to be, it is in the process of being undertaken, particularly for the purpose of answering a lot of questions to which we currently don't have answers.

You know it's interesting to note in our committees, we're particularly prone to get these kind of questions. When we come home people say, well, we need this highway built here and over there, and sometimes I get the impression people think we get in a room up in Washington and take a map of the country and draw a line and say that's where the highway's going to go.

That's why feasibility studies are so important, and I'm absolutely delighted that we're doing one on this, what appears to be as you look at the map a missing link in the interstate system that very well may hopefully may not be a missing like as we look to the future. I think, Laurel, your statement, everything that you said fits very well into the transportation proposal that's on the table. I think also it is particularly interesting to note that you referred to Southwest Mobile Systems and the fact that they make the casing for the Patriot Missile.

It's hard to image that anything that's going on in the Kuwait and Iraqi theatre of the past six months would not involve in Southwest Mobile Systems in West Plains. We've very proud of the contribution that they have made. They make rocket pad launchers, and trucks for the Army, and these casings for the Patriot Missile, and they make a very, very significant contribution.

Also I wanted to say that your comments, Laurel, about the growth of the West Plains area. Leaving down there at 5:30 this morning he got in a traffic jam between West Plains and Willow Springs. I was going in there about ten days ago myself. At noon I was trying to get to a luncheon meeting and I got in a traffic jam going in the opposite and there wasn't anything you could do for about a twenty mile stretch. This stretch between Willow Springs is just a vital needed link and I hope that we can get it resolved with the State Highway Department, but if we pass a bill with parameters of which has been set out by the president, and which will be refined by this committee and by the Congress, we can hasten the time table for getting done what you and I want to get done down there.

Josh, particularly I think, since I'm sitting here next to my friend Mr. Poshard, I want to ask you about improving Highway 60

and providing a western highway outlet from Port of Cairo, Illinois. How do products move westerly from the port now and what kind of shipments would you envision moving westerly over this route in the future assuming we can get the Highway 60 job done?

Mr. BILL. The best way I can respond to that is to relate an answer that I think was given at a meeting that you helped us get started where we were discussing the highway and transportation problems in our area. We had a number of major truckers, truckers witn a hundred and fifty, two hundred trucks who were based in our area who told us that, particularly during the winter time, but ever during the rest of the year, based in Sikeston, based in our area of the state, they will not put trucks on the road headed west. They will drive those trucks two and a half hours north to St. Louis to then come southwest on I–44 or they will drive two and a half hours south to Memphis to head west towards Little Rock.

I haven't done any studies on this, but I think common sense tells you that is a significant barrier to the kind of inter-modal transportation that's going to enhance the viability of the Cairo Port as a point of destination or departure. There simply is no access west. In spite of that Cairo is the second largest inland port in the country because of its prime location.

You could even take a look to the east as far as Cairo is concerned. Congressman, I'm not going to tell you about it, I know you all have looked at it many, many times. But it seems to me just as you look at the interstate map, if someone wanted to design a program of interstates that was going to cut Cairo, Illinois out, they couldn't have done a much better job than what happened. Interstate 24, as you well know, heads from Nashville northwest to Paducah, Kentucky, and then rather than crossing the river and coming over to Cairo, heads straight north to a point in your district, sir as you know. It is a junction, with Highway 57, but not at point of commerce. Cairo is bypassed by every road except 57.

Cargo that comes off that port can only go one way on an interstate and that's northeast on 57. And I've got to believe that if we enhance that with a western access and eastern access it would improve the entire region's economy.

Mr. EMERSON. I have no further questions, Mr. Chairman, but I do want to say that I think these hearings have been structured in just a beautiful way today commencing with a statement by the Chairman of the full committee and the subcommittee and the great keynote statement by the distinguished majority leader of the house and then we heard all different levels of government from the Governor of Missouri down to local government and how they all have a role to play and now we're here talking to the community and regional people who are the people who are on the scene every day for whom all of these services are indeed to be provided telling us how it helps them or hurts them.

I think it is a great thing, a great tribute to our system that we can move all the way from the federal hierarchy to the most grass roots involved people here today and get a good overview of how it all fits. I know we have still have some witnesses to come. I want to thank these witnesses in particular and everyone who is here the full committee that is here today for making all of this possible. I think it's been a very, very constructive hearing.

Mr. THOMPSON. Mr. Chairman, if I might add one other thing, it's already been a long day. But the Chamber of Commerce and me needs to point out that West Plains has for thirteen consecutive years had the boys cross country team in the state finals of Missouri and has won the championship many of those years. The girls now, we started a girls program, they're doing the same thing. I really believe the reason is cross country is the easiest way to get out of West Plains.

Mr. POSHARD. Thank you, sir. Thank you very much. Ms. Horn.

Ms. HORN. Well, thank you for that tone of levity. I do appreciate you all being here. I think your testimony really points out what we've heard all day—the need for just a bigger pie. The next panel is going to be telling us about the great needs for mass transit. We shouldn't pit our needs against your needs. The many private organizations growing out of projects such as Hwy. 63 and 66, that's all new to me. I think that shows the incredible need throughout the country. So thank you for coming and thank you for your testimony.

Mr. POSHARD. Thank you Representative Horn. Thank you for participating today on the panel and we thank you very much for coming.

We will now hear from the next panel, which is comprised of Mr. Les Sterman, executive director of the East West Gateway Coordinating Counsel, Mr. Jack Leary, the executive director of the Bi-State Development, and Mr. Thomas R. Shrout, Jr., executive director of the Citizens for Modern Transit. If you gentlemen would come forward and we will begin with Mr. Sterman.

## TESTIMONY OF LES STERMAN, EXECUTIVE DIRECTOR, EAST WEST GATEWAY COORDINATING COUNSEL; JACK LEARY, EXECUTIVE DIRECTOR, BI-STATE DEVELOPMENT; AND THOMAS R. SHROUT, JR., EXECUTIVE DIRECTOR, CITIZENS FOR MODERN TRANSIT

Mr. STERMAN. Mr. Chairman and Members of the committee my name is Les Sterman. I'm the executive director of the East West Gateway Coordinating Counsel. East West Gateway is the Council of Governments and Metropolitan Planning Corporation of the St. Louis, Missouri Illinois Metropolitan Region. And I should add that one of your colleagues, Jerry Costello, Congressman Costello was our chairman until we sent him to Washington, and I guess our loss is your gain.

As the region known as the "Gateway to the West" and one of the nation's primary transportation hubs, federal transportation policy is critical importance to the St. Louis economy. As a region faced with growing traffic congestion, increase in travel cost, substandard air quality and declining mobility for the poor, elderly and handicapped were typical of many major metropolitan regions across the country.

The issues raised in my testimony will likely be echoed in some form in urban areas across the nation. The economic health of the country's economic area is not a purely local matter. The Federal Government should be a reliable partner in providing both adequate financial resources and consistent policies which will lead to

cost effective transportation investments and rational economic growth in metropolitan areas.

We feel that the administration's national transportation policy and the recently proposed surface transportation reauthorization bill, while striking many of the right themes and offering the hope of greater funding effectively diminish the federal commitment to the nation's large metropolitan regions.

We favor a federal transportation program which implicitly recognizes the critical role of metropolitan regions and allows local government full and meaningful participation in decision making and an equitable share of available funds. The administration's proposed transportation reauthorization bill falls considerably short of this goal in our opinion. The consolidation of urban and rural programs, the increased local cost shares, the lack of substate funding allocations, the elimination of transit operating funds and the diminished role of local officials in decision making, all conspire to put large urban areas at great disadvantage.

The non-uniform matching ratios will perpetuate or exaggerate the biases and inequities in existing transportation programs. Further, the policies implied by this proposed legislation are inconsistent with sound energy policy and rational approaches to the increasing problems of urban traffic congestion, mobility and clean air.

The bill does not promote balance between modes nor equity in the federal state local partnership. It represents a disinvestment in the nation's transit systems at a time when transit will be increasingly important in meeting critical national and local goals and it relegates local officials to the sideline when they are being asked to shoulder a greater share of the financial burden of building highways and operating transit systems.

As the committee reviews the administration bill and develops its own proposal, we have a number of specific provisions which we hope that you would consider and will submit those as part of our written testimony. Even with increased funding, federal transportation programs will fall far short of meeting accelerating local needs. Local officials are under great pressure as you've heard today to accommodate growing highway congestion, tightening transit operating budgets, an increased number of national policies and local interests with fewer dollars to spend. As the committee crafts this legislation we can only ask that all programs be subject to tests of balance, equity and consistency.

We ask that there be balance among modes and programs, equity among the states, rural and metropolitan areas and consistency among policies and programs.

Thank you, Mr. Chairman, for allowing us these views.

Mr. POSHARD. Thank you, Mr. Sterman. We'll go now to Mr. Leary.

Mr. LEARY. Mr. Chairman, members of the committee, my name is Jack Leary. I am the executive director of the Bi-state Development Agency, the transit system operator here in the St. Louis Metropolitan Area. On behalf of the Bi-state board of commissioners I would to welcome the committee to St. Louis and thank you for the opportunity to speak about our perspectives concerning the

administration's proposed bill reauthorizing the surface transportation assistance act.

With a $93 million budget the Bi-state Bus System provides almost 45 million passenger trips each year in the St. Louis Metropolitan Area. And we currently have under construction Metro Link, the region's new eighteen mile light rail system scheduled to begin revenue operation of July of 1993. A $288 million dollar investment which St. Louisianans believe will play a key role in strengthening the growth and development of our region.

Because Bi-state currently derives about 12 percent of its operating revenue from federal sources and because capital assistance for new equipment and construction of Metro Link project is vital to our overall program we have an overriding interest in seeing the federal commitment to public transportation not just maintained but strengthened. The proposed bill reauthorizing the Surface Transportation Assistance Act represents sweeping changes in the way in which transit and highway programs are funded.

Some of these changes we view as positive. Many, unfortunately, we believe will be harmful in the long run to our nation's efforts to meet the mobility needs of our urban areas. And more specifically harmful to public mass transit. One positive aspect of the bill is the apparent end to a decade long effort on the part of the administration to reduce investment in mass transit. Under the proposed bill, the mass transportation's administration budget would actually increase slightly next year over the current level. For this we lend our support.

Such a proposal is welcome news. Particularly in this time of general concern with the economy both nationally and in St. Louis. Since 1985 Bi-state has seen a decline in federal operating assistance and capital assistance of 35 percent. Stability in funding and a true partnership between local and federal interests is what we seek. However, while we applaud these moves many of the provisions of the proposed legislative reauthorization bill concern us greatly and will have a substantial negative effect on our ability to maintain the present level and quality of service required to meet the needs of the citizens of St. Louis.

One aspect of the administration's bill we most vigorously oppose is the immediate elimination of operating assistance to areas of more than one million in population. Bi-state derives almost 15 percent of its operating income, or $10 million from federal assistance. This loss in funding will certainly create a severe hardship for those in our community who are most dependent on public transportation.

Because we largely depend on sales tax revenues for income the general economic downturn has already had a significant effect on our budget. This year the economy and the fuel price increase caused by the instability in the middle east has created a $3 million shortfall for Bi-state. And next year we do not find additional sources of revenue, we are projecting a budget shortfall of approximately $8 million.

With the loss of federal operating assistance as proposed our projected deficit for fiscal year 1992 increases to a devastating $18 million. Federal transportation policy which proposes to eliminate operating assistance for larger regions like St. Louis, but allows

smaller regions to retain funding we believe is a blatant inconsistency in policy and discriminatory in practice. The loss of operating funds is not our only concern.

Under the proposed bill the Federal Government's share of funding for capital grants decreases from the present 80 percent to 60 percent. This has the effect of doubling the local transit dollars required for purchase of needed capital equipment and vehicles at a time when transit agencies find themselves faced with serious budget deficits brought on by the recession and previous cuts in federal aid.

Bi-state's program to replace our aging ten-year old fleet with newer vehicles will be significantly reduced with this new capital grant matching requirement. This current budget year we purchased a hundred and nineteen new buses. And next year we would order sixty-nine additional vehicles. This level of capital acquisition will have to be reduced under the new program if we have no additional source of capital funding effecting significantly the quality of service we are able to provide for our customers.

St. Louis is one of three regions with full funding agreements receiving discretionary monies if and when the new rail starts. Because of this the reauthorization bill changes with regard to new start funding, our grave concern to us also. To complete construction on Metro Link's initial line Bi-state needs $41 million yet to be appropriated. Sixteen million dollars remaining on our full funding contract and $25 million additional for an improved multi-modal airport connection.

Finishing the job on the initial segment and any future of Metro Link would be much more difficult and expensive to accomplish. The doubling of local matching funds required from 25 percent to 50 percent. This essentially means that the St. Louis region will be unable to continue its shift away from the dependence on the energy consuming automobile to a more energy efficient mass transit option.

We believe the reauthorization bill as it stands will seriously damage Bi-state's ability to continue to provide the services required to meet even the basic public transportation needs of the people of the St. Louis Metropolitan region. With the elimination of operating assistance and the increased local capital dollar requirements, our ability to expand the role of transit in our area is severely undercut. The new Surface Transportation Assistance Act as proposed changes transit.

Under the bill the imbalance between highways and transit is perpetuated with a 40 percent increase in federal highway spending and a no-growth policy for mass transit. The growth budget and more favorable matching ratios for highway programs is an indication that the administration has yet to come to grips with putting together an integrated balanced multi-modal transportation assistance program which rationally reflects a sensible national transportation policy.

National and local concerns with the need for energy conservation, congestion relief and improved air quality in our urban areas can all be address by increased emphasis on public transportation. However, the future viability of our nation's transit programs is put in jeopardy with the provisions of the reauthorization bill as

they stand. The bill sends a clear signal as to the priorities of the Federal Government and that signal heralds an abandonment of our urban and metropolitan areas.

Secretary Skinner in his letter to House Speaker Thomas Foley transmitting the reauthorization bill spoke about the biggest challenge for transportation in the coming decade being the provision of adequate resources to maintain and improve national infrastructure. In St. Louis we believe that transit is a key component of that infrastructure. Unfortunately under the provisions of the Surface Transportation Assistance Act as proposed by the administration we foresee serious difficulty maintaining and improving our public transportation system.

What we need is not a no growth approach, but a bold expanded federal emphasis on public transit. This reauthorization bill will set the course for national transportation policy into the 21st century. There have been tremendous successes in many cities around the nation with the strengthening of public transportation, but the job is not finished. Let's learn from and build on the successes to date and not abandon our program unfinished.

Thank you, Mr. Chairman for the opportunity to provide this testimony on behalf of this most important issue.

Mr. POSHARD. Thank you, Mr. Leary. We'll hear now from Mr. Shrout, please.

Mr. SHROUT. Thank you, Mr. Chairman, my name is Tom Shrout, I'm the executive director of Citizens for Modern Transit, an organization of about 1,000 businesses, labor unions, educators and concerned citizens who have worked for the establishment of the light rail system in St. Louis. Since our formation in 1985 we have done a number of things, including organizing for our membership and community leaders tours of other cities with light rail. I would like to recall our 1987 visit to San Jose, and I would like to congratulate Chairman Mineta on the fine light rail system that's in place in San Jose.

Our trip there and other trips to Portland and San Diego were instrumental in educating the citizens of St. Louis about the benefits light rail offers our city. We have our first eighteen mile light rail line under construction and we have identified seven additional lines that would give this two state metropolitan region of two point five million people a badly needed first class system that would be impossible to duplicate with unbridled road building.

Mr. Chairman, the public is wanting a balanced transportation system in this country and I fear the president's proposal is behind the curve in the thinking of the American people. Just as an aside, we don't do polling, but those people that do when that they ask about light rail in St. Louis, the polls are showing about 72 to 75 percent favorable on behalf of the citizens and we don't even have it up and running yet.

Americans have demonstrated their willingness to ride a modern rail transit system, yet the president's bill discourages the building and expansion of these systems. Americans want clear air, less dependency on foreign oil, the rebirth of her cities, reduced congestion, contained urban sprawl, all benefits offered by rail transit, yet this bill promotes highway building and discourages energy efficient Amtrak and transit.

It is imperative that the Federal Government maintain operating assistance for transit. We support the testimony by the Bi-state development agency concerning operating assistance. I would like to briefly mention Missouri's participation in the 403B program for our support of two daily Amtrak trains between Kansas City and St. Louis. Since 1985 increased ridership and reduced Amtrak operating costs resulted in a reduced state and federal subsidy of this service each year.

At a time when we feel an additional train between Kansas City and St. Louis should be added and could result in an exponential increase in patronage and a further reduction in subsidy, the president's proposing to reduce the federal share in the 403B programs, jeopardizing the current program plus killing any chance of expanding this clean efficient form of transportation.

On another topic the department of transportation has formed an inter-modal task force, but there appears to be nothing in the act that assists local and state government in implementing this worthwhile strategy. I will submit separate testimony which outlines a plan, a plan for a St. Louis Inter-modal Transportation Center that will combine a new station on our new light rail line, a sorely needed Amtrak facility, and intercity bus depot, a parking garage peripheral to downtown, a heliport, taxi stand and city bus stop all in one facility. The center would be strategically located near two interstate highways.

The inter-modal transportation center is an excellent candidate for a demonstration project. The center would promote ridership among all the affected modes and be a model for other cities to emulate. Other examples for inter-modal cooperation should be considered at the federal level include the building of a new bridge across the Missouri River between St. Charles and St. Louis Counties. Federal matching funds should encourage the Page Avenue be Bridge to light rail ready to accommodate the inevitable extension of light rail into that suburban community.

Likewise federal support of highway capacity increases in the region should provide for both highway and future light rail right-of-way acquisition. In closing we would hope that the congress would substantially rewrite this bill and in doing so embrace a set of principals about which we believe there is broad agreement in this country, those being reduced dependency on foreign oil, increased support for transportation modes that help cities achieve clean air goals, reduced congestion and an enhanced quality of life through increased access to jobs, housing, safety and community and neighborhood revitalization.

Thank you very much, Mr. Chairman.

Mr. POSHARD. Thank you, Mr. Shrout. I appreciate your testimony. Let me ask you. What are the chief impediments to the construction of the inter-modal facilities in the county and in particular in the center that you propose for St. Louis.

Mr. SHROUT. Well, I think the chief one is figuring out how to finance it, and certainly we think there's a role for the Federal Government. The City of St. Louis has pledged the ground on which this facility would sit. The state highway transportation department is interested in it and has requested some funding from

the state legislature, however the governor took it out of his budget.

We also believe there is a possibility some force in private enterprise in terms of restaurant leasing, car rental agencies and those types of activity taking place in the facility.

Mr. POSHARD. Do you have any cost figures on this?

Mr. SHROUT. About $36 million.

Mr. POSHARD. Depending on the debate of our committee that might be too big for a demonstration project or too little today.

Mr. Leary, taking into account the bus capital needs of the St. Louis region, the current of your transit capital funds from section 9, how much would we need to increase federal funding for the transit programs to insure that St. Louis' needs are met, in your judgment.

Mr. LEARY. Mr. Chairman, what has happened to transit in the last few years, as you know, is it has been on a steady decline in the St. Louis Metropolitan Area to regain where we were just ten years ago would be a doubling of the size of the transit system as it exists today. Ten years ago in this region we moved eighty million people every year. Today we move close to forty-five million. We have an asset base of about three quarters of a billion dollars.

It's hard to put an exact dollar number on it, but certainly we would be looking at without expansion nearly double what exists today just on capital reinvestment of the infrastructure of the basic system.

Mr. POSHARD. Doubling of the federal share?

Mr. LEARY. Doubling of the federal share.

Mr. POSHARD. To get back to the same level that you were ten years ago in terms of ridership?

Mr. LEARY. I believe that that's a range that is fairly accurate.

Mr. POSHARD. Mr. Shrout, let me ask you a question if I may. Would you describe for us the mix of the non-federal sources of revenue that your system uses now to match federal funds, and are we doing enough in Missouri and Illinois in terms of general non-federal sources of revenue. Do we need to look at the increased at state taxes or dedicating local sales tax revenues or whatever, in support to make up for those matching funds?

Mr. SHROUT. Well, I think if you look at our transportation systems in this metropolitan area we've got every form of local revenue source being devoted right now, sales taxes both in Missouri and Illinois, we've got state support in Illinois. We've got all sorts of other revenue sources that are going into these systems and, of course, we're always looking as well to up that share as the federal portion of the funds decline. The implications of the bill are that federal share will decline further, hence we're going to be looking at increased gas taxes in both states, for example increased sale tax contributions for the public transit system that Mr. Leary runs.

So we're really looking at the whole range of options here.

Mr. POSHARD. Well, speaking for Congressman Costello and myself on our side of the river, we certainly want to do everything we can to work with Dick and Joan and Bill and others because all of this the light rail and the rapid transit system for St Louis is imperative. We are all in this area so I just want to put in my two cents worth for Jerry there.

Mr. SHROUT. We appreciate it.

Mr. POSHARD. Mr. Emerson.

Mr. EMERSON. I just want to say that the problems you're describing are not problems to which I am exposed on an everyday basis. They don't effect my area very much, but I'm very sympathetic to what you're talking about. There are problems there that do need to be solved. And I have found this very educational, your testimony, and will be interested to work with my colleagues of this subcommittee and the full committee in trying to be of assistance.

Mr. SHROUT. Thank you.

Mr. POSHARD. Thank you, Mr. Emerson. Mr. Gephardt.

Mr. GEPHARDT. I simply want to thank you for being here. I obviously have been a long time supporter of the Metro Link project. I look forward to it being completed or the first part of it being completed in 1993, and certainly understand your views about the operating subsidy program and about the capital requirements of the system. And I also obviously believe that if we're to have both an energy and a transportation program in this country, it is going to have to include mass transit so we will be certainly holding your views in our minds as we try to write this important legislation.

Thank you very much for taking the time to be here today.

Mr. POSHARD. Representative Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman. Gentlemen, we appreciate having hands on transit people here to give us firsthand knowledge of your view points. It's very helpful to our record and we appreciate it. We appreciate your patience too of being one of the last witnesses.

Mr. SHROUT. Thank you.

Mr. POSHARD. Thank you sir. Representative Horn.

Ms. HORN. Well, again, I hear about all of your issues and in my previous life spent a lot in doing a lot of research that Tom referred to about public opinion polls and trying to figure why tristate's ridership was down, and you have to raise the fares and then you lose more riders. Of course the economy is down. And none of us have mentioned it, and it bears mentioning, we serve a lot of people who don't have cars. We talked a lot today about this "one person one car", I think I used that phrase. There are a lot of people if they get to work at all don't have cars to do it. And we must not forget that either. But thank you very much gentlemen for coming in. We will work very hard to see that all of our needs are met.

Mr. POSHARD. Joan, thank you for your testimony. We will certainly keep all of this in mind,-we appreciate it.

Our next panel consists of one person, Mr. Bob Swearingen, vice chairman for transportation in the Regional Commerce and Growth Association.

Thank you for being with us today, Mr Swearingen, you may begin.

**TESTIMONY OF BOB SWEARINGEN, VICE CHAIRMAN FOR TRANSPORTATION, REGIONAL COMMERCE AND GROWTH ASSOCIATION**

Mr. SWEARINGEN. Mr. Chairman, committee members, ladies and gentlemen, my name is Bob Swearingen, I'm president of Maritz Travel Company here in St. Louis, and I'm here on behalf of the St. Louis Regional Commerce and Growth Association known as the RCGA.

The RCGA is a non-for-profit membership organization representing the St. Louis Metropolitan region, the City of St. Louis, The Missouri counties of St. Louis, St. Charles, Franklin and Jefferson and Illinois counties of St. Clair, Madison, Monroe, Clinton and Jersey. The RCGA promotes the economic welfare and quality of life for the community. The membership consists of 4,700 members which include labor and businesses large and small and through cooperation seeks more jobs and increased prosperity for the regions two point four million residents. Obviously all forms of transportation are a vital element to the success of our regional economy.

I would personally like to thank all of you for coming to St. Louis and giving us the opportunity to discuss what we feel are important issues concerning the transportation needs for the St. Louis region. My comments will not only be directed towards the St. Louis region, but also probably apply to other metropolitan areas of our size across the country.

I commend the administration for its efforts in redefining the needs of surface translation. Our country's need concerning transportation have changed over the last five years and will continue to change, as roads deteriorate, bridges are not safe to travel over and congestion in urban areas causes more pollution and traffic delays.

Transportation is a vital element to not only our regional economy but our nation's economy. The State of Missouri is unique because of its location directly in the middle of our great country. What this means is that if you're using surface transportation going from east to west or vice versa, there is a good likelihood that you may travel through our St. Louis area. Likewise if you are a midwesterner and going from the north to the south or vice versa you may also travel through St. Louis.

Maintenance of our highways and bridges is of vital importance to our nation. Unfortunately the current funding formula does not reflect Missouri's needs, in fact Missouri has been a loser for quite a few years, as Wayne Muri testified in his statements. For every dollar we send to Washington we get less than 85 cents back, the RCGA commends and supports the Federal Highway Administration's proposed new formula, which bases funds distribution on the following: 10 percent for land area, 20 percent for public roads, and 70 percent for numbers of gallons of motor fuel taxed.

The new formula does and must consider the amount of miles driven or likewise the number of gallons of motor fuel taxed within that state. Missouri ranks fourth nationally in the amount of miles driven on, within the state and yet under the current formula we are a minimal allocation state. The State of Missouri has been a

loser and it's time for our Federal Government to make a commitment to maintain our current infrastructure.

Again, the RCGA commends the administration commends the administration's proposed new funding formula and we would encourage this committee to support it. It is important that Missouri and Illinois receive its fair share.

The RCGA would also like to see the continuation of the use of funding from the general fund for transportation needs. The user's taxes is really great in theory, but everyone benefits from a good transportation system, not just those individuals who drive cars or who use surface transportation. After all most of our goods and services use surface transportation, even the U.S. Mail, which everybody participates in.

The RCGA encourages the committee's support to leave the flexibility of using the general fund. The RCGA also has some serious concerns over the administration's proposed reduction of the federal share on new starts, rail projects, and the reduction of the federal share toward capital projects. The RCGA agrees with the Secretary Skinner's comment in his letter dated February 13 to Vice President Dan Quale concerning the draft of this bill. Secretary Skinner says:

> The biggest challenges for transportation in the coming decade is to provide adequate resources to maintain and improve national infrastructure and to expand those resources for maximum benefit.

Secretary Skinner goes on to say we must provide flexibility in our federal transportation program to allow state and local governments to make more efficient use of scarce resources and make an environmentally sound transportation decision.

Reducing the Federal Government's financial support on capital projects and new start rail projects inhibits the state's flexibility and could cause the proposed projects to be financially not feasible. The St. Louis region desperately needs a new bridge over the Mississippi River for transportation to and from Missouri and Illinois. This new bridge would help alleviate congestion problems and traffic delays and would be a environmentally sound transportation decision.

The RCGA is also developing another environmental sound program, St. Louisans want clean air, and to be less dependent on foreign oil we are fortunate to have begun, it's been discussed, the development of our first eighteen miles of light rail. Unfortunately the proposed matching ratio for any new extension to light rail would be a 50 percent match.

The Missouri Highway and Transportation Departments 10-year unfunded Need Study has outline, as you heard, $5.8 billion in highway works that needs to be done for which there is no money. With these unfunded highway needs and a proposed 50 percent match for the Federal Government for the new start rail projects, light rail and public transit may be doomed before we reach the next century.

Public transit has played a vital role in transportation for urban areas and will continue to play an even more essential role as communities try to deal with congestion, lack of parking space and pollution. The administration's proposal to eliminate operating assistance for populations over one million would have a negative effect

on public transit in St. Louis. The RCGA encourages this committee to look favorably upon continued operating assistance for all public transportation.

We further agree, and this is not in the written testimony, with Buzz Westfall and Mayor Schoemehl on the rest of the needs outlined in their testimony for expansion of our airport, for the multimodal transit center, again for rapid transit.

Mr. Chairman, Members of the committee you have been very kind in giving the RCGA the opportunity to express our feeling on surface transportation. You all have a very important responsibility ahead of you. The United States successes economically are a direct result of our good transportation system. I wish you well as you prepare for us for the next century. If anyone has any questions we would be happy to address them. Thank you very much for coming.

Mr. POSHARD. Thank you, Mr. Swearingen, for being here. Let me ask you a couple of questions if I may.

Mr. SWEARINGEN. As a layman, I hope that I can answer them.

Mr. POSHARD. As you know it's been stated here many times today that Missouri is a donor state. In any restructuring of the new program what would be an acceptable level of your judgment of return on the state's investment, Missouri gets 85 cents back on the dollar. Obviously we have national priorities with the national highway system and the interstate system and so on. How much should a state get back in your view as a member of the business community?

Mr. SWEARINGEN. I think we ought to get our fair share back, which would be at least 100 percent.

Mr. POSHARD. Well, okay.

Mr. SWEARINGEN. I think we ought to get our fair share back. Quite frankly I have several reservations. I'm on the aviation committee also and I think that we ought to tap the aviation fund. I understand that's going to be done, but I think it's ridiculous that we hold these monies when we have such great airport needs.

Mr. POSHARD. Well, I agree with you on that. Let me play out another question here. Seventy percent of the portion that now goes for the highway funding system is based on motor fuel usage. Doesn't that encourage consumption in highway use as opposed to use mass transit and some of the other overwhelming needs that the cities have in this country?

Mr. SWEARINGEN. Well, I think as we stated, we do need mass transit for urban areas. I think it has to be very diversified and it shouldn't all be put into highways.

Mr. POSHARD. Representative Emerson.

Mr. EMERSON. No questions. Thank you very much for your statement.

Mr. POSHARD. Mr. Leader.

Mr. GEPHARDT. Bob, we appreciate you being here. RCGA has been a major force in our community here, for progress, for standing up for the things that we need. I think your support for what the mayors said and what the county executives have said are very, very important statements. I think our—as we've said many times, our problem here is trying to make more money out of less, and we have tremendous needs all over the country. You just listen

to this hearing today and you see how great the needs are, and everybody has a good claim to this fund. And my hope is that somehow we can figure out how to expand the amount of money that we're able to use for transportation over the next five years either by giving more money out of the trust fund, which is already there and could be spent but it is being used to shield the deficit.

Or we decide to raise more funds through some kind of energy fee in order to do that. My hope is that this five year attempt which only comes every so often will not be passed by without doing that. I think if we just spend some more on transportation, St. Louis will be much better off.

Mr. SWEARINGEN. Thank you.

Mr. GEPHARDT. Thank you, very much.

Mr. SWEARINGEN. Thank you.

Mr. POSHARD. Mr. Minority Leader.

Mr. HAMMERSCHMIDT. Mr. Swearingen, we thank you for your testimony and for your patience.

Mr. SWEARINGEN. Thank you.

Mr. HAMMERSCHMIDT. God bless you.

Mr. POSHARD. I'm sorry, I skipped a gentlewoman over here, Representative Horn.

Ms. HORN. I think I would be remiss if I didn't give you the opportunity, since RCGA is really our Chamber of Commerce and since you're with travel, Maritz Travel, no one has mentioned the reality of the potential for this region as a tourist and convention and the incredible need for the safer airport and light rail and the multi-modal transit. I wanted to give you an opportunity for just a half a minute if you care to do that in your dual role.

Mr. SWEARINGEN. Well, I did touch on the airport. I think it's absolutely vital that we expand our airport. I think St. Louis has a very unique opportunity and we are actually from a transportation standpoint one of the most centrally located areas in the country. We have very good weather and if we can expand that we will save actually on fuel costs over Chicago and or Dallas/Forth Worth on our direct flights east west, so I think it's absolutely essential that we continue the expansion of our airport facilities here.

Ms. HORN. And our baseball team back and forth.

Mr. SWEARINGEN. That's true.

Mr. POSHARD. Thank you, Mr. Swearingen for your testimony today.

Our last witness before the committee, certainly not least, is Mr. Roger Pryor with the coalition for the environment. Is Mr. Pryor here.

## TESTIMONY OF R. ROGER PRYOR, EXECUTIVE DIRECTOR, MISSOURI COALITION FOR THE ENVIRONMENT

Mr. PRYOR. Thank you. I was afraid I would start being assessed taxes here in Crestwood if I stayed too much longer. Thank you very much, and I appreciate your patience.

Members of the committee, I appreciate the opportunity to appear before you today to comment on our nation's highway and transit priorities, and I also want to thank Congressman Dick Gep-

hardt for extending his personal invitation for me to address you today.

My name is Roger Pryor, I live in the City of St. Louis. It is my privilege to serve as the executive director of Missouri Coalition for the Environment, 28,000 member state-wide citizen's group that was founded back in 1969. We were all relieved that the war in the Persian Gulf appears to be winding down. And while many issues confront that part of the world and have been contributory to that conflict, no one can deny that the United States dependence on middle east oil has been a major factor.

Our surface transportation policy which has been dominated by the private automobile since World War II is, of course, a root cause of the dependence. As sad as this war has been we ought to use this occasion to rethink our national transportation and energy policies, the recent tragedies and sacrifices made by Americans and many other people in other parts of the world in this conflict will all be rendered meaningless.

Incredibly the priorities of the Bush Administration for transportation and energy seem to have been time warped from the 1950's reflecting none of the understanding that our nation has gained about the environment, energy use, traffic grid lock or suburban sprawl in the last two decades. Recently, this last winter, in the Washington Post was a very long article about grid lock, and I won't—I included part of that in my comments here. I'll just use the first paragraph right now.

He asks the question, when did our driving a car turn into such an indignity, such an ordeal? When did we first notice that half the traffic jams you crawl through had no apparent cause whatsoever? When you start asking over and over again where the hell are all of these people going. Well, Allen goes on to write about what he calls the QK curve that traffic engineers use to describe traffic jams which seem to happen with no visible reason. I don't know if you've ever seen one of these curves, looks like a bullet. You plot your time travel against your number of cars and as you increase the number of cars the time travel slows down. That's acceptable, because you're gaining volume.

When you get to a certain critical point, the bullet turns back on itself, not only do you lose time you also start losing volume. It's a very interesting part of fluid dynamics, which I don't understand, but engineers do. In other words too many cars are trying to go to the same destination at the same time. With enough automobiles in our country to provide one per adult, no amount of new road construction, that is no increased capacity will ever keep pace for long.

Highway engineers have instead resorted to building for excess capacity. Redesigning our existing highways to carry load for which they were never intended, we see this everywhere, shoulders turn into lanes, bridges with no shoulders at all anymore. Route 270, Interstate 270 in West St. Louis County was originally designed as the westernmost circumferential highway from this area. Now it's merely a north/south distributor route, twice as many lanes that it originally had. There are as many cars going the opposite direction in the rush hour as there were coming into St. Louis

nowadays. Totally exceeded everyone's design, original design specification.

The only sound way to design for excess capacity is to look inside our automobiles not outside. The average car carries during rush hour one point two people. If that number were raised just one point seven people per car most of the grid lock traffic jams would be history, not to mention the resultant reduction in pollution emissions, fuel savings and traffic accidents. Incentives for car and van pools must be found, they can run the gambit from reduced parking charges for pool vehicles, to tax incentives for employer provided free parking only for pool vehicles to highway design features such as high occupancy vehicle, or HOV lanes.

Now just consider pollution effects, and I have included some data in my written comments here from the American Public Transit Association showing the amount of emissions per hundred passenger miles comparing van pools, single occupant cars, rapid rail, light rail and buses. And without going into the data it is pretty obvious that the emissions for single occupant cars skyrocket compared to the other modes. As environmentalists we support mass transit as an ever better way to handle excess capacity than vehicle pooling. Public transport has the additional advantage of not requiring dedication of so much land for parking lots and garages.

Of course mass transit is a tough way to go, primarily because of the very nature of our sprawling metropolitan areas. The nature of commuting has changed as well. Many more people now commute between suburbs than between suburbs and central cities. Researchers down in Australia where they have done a lot of lead work on this, Murdock University, have demonstrated a rather sad irony, namely that those cities with the least sprawl are best able to promote alternatives to driving. They looked at 32 cities worldwide and they found that lower, cities with lower densities, and that's measured by number of people and jobs per acre of land and all the dependents generally go hand in hand, therefore the lower the urban density the greater dependent you are on your private automobile.

Public subsidies on mass transit often come under criticism. Our local Bi-state Bus System certainly gets its share. And the cost of providing transport is understandably the overriding factor in government's decision when picking from transportation options. Marsha Low in her studies Alternatives to the Automobile Transport for Cities, published by the World Watch Institute, points out the comparison of cost for providing train and bus service to those of private automobile travel is a complex task. To be fair the comparison must include the full cost of both systems, including the environmental and the social consequences.

She says drivers would find public transit more attractive if they kept the full cost of automobile transport in mind. Few U.S. drivers realize that including fuel, maintenance, insurance, depreciation, finance charges on their cars they pay an average of $34 for every 100 miles of driving. On the yearly basis it cost the average solo commuter nearly $1,700 just to get to work.

By contrast the average transport fair is about $14 dollars per 100 miles. If we are ever able to break out of the current transpor-

tation mess, a policy overhaul will be needed. Low suggests that the surest way to lessen over dependence on cars is to force drivers to bear more of the true cost of driving. She said so long as automobile owners are showered with inducements, such as free parking and government subsidized roads they will stay in their cars leaving trains and buses and bike paths empty. This is a vicious cycle, since planners are unlikely to invest in transport alternatives when existing systems are under utilized, and we just heard our Representative Horn refer to this cycle and the fares go up, the ridership goes down, as the ridership goes down you need to raise the fares.

Well, here are a few suggestions and I offer the humble opinion that would be helpful in overhauling our policy. Now, I think that's the important thing that this community needs to do is look at our policy from a national perspective, and I was glad to hear several members of this committee and other people testify, notably Mayor Schoemehl, comment that you can't look at this in a vacuum, it has to be looked at in terms of an energy policy, environmental policy, other policies. These things cannot be taken apart and treated as if they are in a vacuum.

One thing environmentalists learn is that everything is connected to everything else, and it is certainly when it comes to our government.

Number one, is we need to bring to light the hidden cost of driving, such as air pollution, municipal service, much of our police and ambulance service in this country are actually geared to the fact that we're so auto dependent, and road traffic. A large share of those costs are related to that and that alone. Road construction and repair and employer provided free parking, these are often what I consider as cost. We talk about construction cost, but various other things are not included.

Two, the environmental community generally has supported, and I think without exception, supports an increase in the gasoline tax and it has been suggested as much as a dollar a gallon, making drivers pay more of the cost they impose on society. Increased taxing on new cars, the taxes on new cars and registration fees also makes sense, especially if those taxes and fees are based on such things as emissions in our fuel efficiency. Some of these revenues should be dedicated to public transport, cycling and even pedestrian facilities.

I was interested in hearing Wayne Muri's comments about his surprise at the European system. Well, in many European countries they do charge one to two dollars tax on gasoline. Based on that system they also in Germany they have a fee on automobiles based on emissions. Europe is doing a lot of stuff including mass transit and they are ahead of us in their funding mechanism as well.

And three, effective land use planning is a key to a viable new transportation system. We need to find cooperative approaches between municipalities and private land developers that can be made to work for public transit, just as it's been made to work against it so well in the past. So many financial incentives can be used to cluster homes, jobs and services along public transport corridors.

The biggest obstacle to rethink our transportation is overcoming the powerful road lobbies made up of the oil companies, the car makers, the highway builders, the land developers and other interests that pressure government to favor the automobile. That power is no more—is no place more evident than with the proposed highway extension and new bridge to carry Page Avenue from Western St. Louis County across the river in St. Charles County.

Just a couple of comments about this project, because I think it's a classic situation. It is a microcosm that this committee could study. It's a classic highway planning boon doggle in a way. It's being offered as a solution to rush hour grid lock. Traffic trying to move through these two counties. Yet the State Highway Department admits in the study it did last summer, that traffic levels in the new route will quickly exceed capacity without abating the jams in the two existing major roads.

With the new census figures that came in St. Louis SMSA has essentially the same population today as it did twenty years ago, except now it's sprawled out to the very edges of the metro area. We have heard about Jefferson County and St. Charles County as record growth areas. So now we're being asked to subsidize more and more infrastructure for the same number of people, while services to the central city and older suburbs continue to deteriorate. St. Charles County has at this time no public transport, and I think they are unlikely to ever get any as long as state taxes continues to support dependence on the automobile.

Our state highway department has so far refused to seriously look at such things as HOV lanes on present bridges and roads. This Page Avenue project will have serious social consequences and tremendous environmental impacts. It will bisect a county part developed with federal funds, destroy directly or indirectly valuable wet lands, lead to loss of prime farm land and development of float plans contribute to air pollution in the St. Louis area, which is a non attainment area for ozone and only stimulate more traffic congestion.

It should not surprise you to learn that this project in its present alignment is opposed by both the U.S. Department of Interior and the Missouri Department of Resources. Every environmental group in the St. Louis area have spoken out against the project and most are already committed to exhaust every remedy available to us to stop it. From a national point of view, Page Avenue is just one of many such projects designed by planning mentality that is decades behind in its thinking funded by a government locked into an out moded transportation policy and spurred on by the road lobby.

This subcommittee wants to exam our transportation priorities in a microcosm no better, better bad example could be found than the Page Avenue project.

Thank you for this opportunity.

Mr. POSHARD. Thank you, Mr. Pryor. I appreciate you being here today. Let me ask you, why do you think the State Missouri Department of Transportation opposes HOV lanes for instance?

Mr. PRYOR. Well, I don't know, I think it's just largely mind set. It's—we've asked them that very question about—for example you look at Interstate 70 which crosses into St. Charles County, it's an example of the bridges now where you have no shoulder, every-

thing has been converted to lanes, and that's an obvious place where an HOV lane, I think, would have a great impact.

And they comment on—well, they mention a lot of things, but frankly none of them really speak to anything on the fact, it's just a different kind of mind set than they've been used to working with. And I think they're gradually coming around, but to this point they have proposed nothing. And I've heard recently that they have some plans to offer some suggestions along these lines regarding Page because of objections that groups like mine have raised, but I haven't seen those yet.

Mr. POSHARD. What is your group doing specifically? I mean even if we get a larger federal share of monies for surface transportation, we're still going to require local matching funds and so on. You propose a dollar a gallon increase of taxes on gasoline, which would create a huge pot of money for sure. What can you do locally in terms of your group's efforts to spur contributions to the local matching funds even if we get more federal funds.

What kinds of things does your group support?

Mr. PRYOR. Well, we've been—we are supporting things like Metro Link project. We have advocated and supported such things as regular use of park and ride facilities and express buses. We're, you know, try to be basic supporters of Bi-state. It's tough because I think that government infrastructure is weighted us and weighted those entities. It's as, you know, our group, it's often said environmentalists are opposed to things, and it's often to oppose things than it is to oppose good solutions, new solutions end up invariably cost money or make you change your way of thinking or something. That's always hard, we're all—we're all stubborn about changing the way we think about things.

Mr. POSHARD. Yes. Much of what you say makes a lot of sense from a conservation and an environmental point of view. I think a lot of what you advocate is a public informational educational campaign also.

Mr. PRYOR. Right.

Mr. POSHARD. And I think, you know, it's like recycling and all of these other things that would be wonderful for our country, but we can't quite get our people to buy into to them in terms of conservation efforts.

Mr. PRYOR. Well, I say I disagree with you there. I think the people have bought into it.

Mr. POSHARD. Well——

Mr. PRYOR. And I think the people are actually ahead of the government on, say, recycling. And I think they are actually ahead of the government in a lot of other things too if given a chance. Frankly if I fault anybody it's not Congress, I say, the administration and not just this administration, any administration has the responsibility of providing leadership and providing the education and saying wait a minute, we need to stop and think about our priorities and how we're doing this.

I mean, you're partly locked in, you have to do the nuts and bolts of keeping the country working, keeping the money flowing, and all of those things you have to do, but it's the administration's responsibility to say let's look at how we thinking about these things and see what improvements we can make and let's get people from

public works in town, talking with the environment committee, talking to people, the energy people, and making this work.

I think you—I think frankly the deck of cards you have been dealt is a very hard one to play out any way other than the way you've been playing it.

Mr. POSHARD. Mr. Emerson?

Mr. EMERSON. No questions, Mr. Chairman. I just want to thank Mr. Pryor for his intellectually provocative statement and I've enjoyed hearing what you've had to say.

Mr. PRYOR. Thank you, Congressman.

Mr. POSHARD. Mr. Gephardt?

Mr. GEPHARDT. Roger, thanks for being here. You've been a clear, consistent voice for the environment for as long as I can remember going back to 1976.

Mr. PRYOR. We're both getting older, sir.

Mr. GEPHARDT. Yeah, we sure are. When you were speaking out on the Merrimack Dam, which I remember very clearly—it's an issue most people in the room probably don't remember, but you were there then and you've been there ever since. I think that your ideas are well taken. I think it is a matter of trying to think about these ideas and putting them in front of people. I know in other cities, for instance, HOV lanes are successful, are thought about, are put in place and are used.

And clearly mass transit is one of the clear answers to our problems in both energy and environment and the transportation area. So I think if we could put our mind to these things, put them in front of people they will use them, people are logical. And they'll do some things that are important to their quality of life as well.

So I urge you to keep saying these things because they are very, very important and helpful and we will keep your views in our work as we go through this bill.

Mr. POSHARD. Mr. Hammerschmidt?

Mr. HAMMERSCHMIDT. Mr. Pryor, you're probably talking to a panel that's going just headlong the opposite direction of maybe the views you expose here with the exception of maybe part of the urban mass transit program. But we very much appreciate your well thought out and well presented statement. And as was indicated here by my colleagues I think it is important that we get the other side of the coin as part of the record. It isn't a very balanced record, but at least you have made your points well. We appreciate you being here.

Mr. PRYOR. Thank you.

Mr. POSHARD. Congresswoman Horn?

Ms. HORN. Thank you. The other day, Mr. Pryor, on one of my other committees we heard the Secretary of Energy, Mr. Admiral Watkins presenting the national energy strategies, and I couldn't help but think as I heard him and a couple of his colleagues working their way through this policy how out of sync they are with the general public, and I think you're right on with that, I think that America is definitely headed that way.

I think they are ready. I think they need a little leadership. They need help, but they really are ready. And just to update that I have looked at public opinion polls for many years from all over the

country, as well as from this metropolitan area and the state. The people really are ready for the leadership to take us that way.

And I will reiterate what I said earlier—how important for us to keep our national energy strategy in mind as we're pursuing this transportation, how very, very vital it is for the future of this country to make sure they make sense and to work together, and thank you so much for being here.

Mr. PRYOR. Thank you.

Mr. POSHARD. Thank you Representative Horn. Mr. Pryor, thank you. Those of us in government, individually and collectively, struggle with knowing how much of our job is educational and informational and how we balance that against tightening the screws to force compliance, and we'll always be struggling with that and thank you for your suggestions here today.

Mr. PRYOR. Thank you for your patience in waiting around all afternoon.

Mr. POSHARD. Thank you. This will conclude the Subcommittee on Surface Transportation's Hearing. Thank all of your for being with us today and, on behalf of Chairman Mineta and Chairman Roe, we thank the Members of the committee.

[Whereupon, the hearing was adjourned.]

PREPARED STATEMENTS OF WITNESSES

**STATEMENT BEFORE THE**

**SUBCOMMITTEE ON SURFACE TRANSPORTATION**

**OF THE**

**HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE**

**by**

**GOVERNOR JOHN ASHCROFT**

**MISSOURI**

**March 1, 1991**

Missouri, because it is a major crossroads of America, is well aware of the role of highways. Missouri's state highway system, which includes more than 32,000 miles of roads, is the sixth-largest in the nation. That system is a major asset for Missouri because it ties us into the national system on which the nation's economy moves. Missouri is at a disadvantage, however, because of its distance from the coasts. The interstate highway system has shortened that somewhat, but Missouri still is at a relative disadvantage.

Missouri was the first state to begin construction of the interstate highway system. That first segment is near here, just west of the Missouri River at St. Charles on I-70. Missouri completed its interstate roads last year with the opening of the Jefferson Barracks bridge, which is just south of St. Louis.

That was done in a tremendously successful partnership with the federal government, which made the interstate system possible by sharing fuel tax revenue.

Our completion of the interstate system in Missouri is bittersweet, however. The achievement is diminished because we knew even as the interstate segment was being finished that its traffic capacity was insufficient to meet the needs of commerce and the public. The achievement is diminished because parts of the system, which have been pushed far beyond their 20-year design life, are crumbling beneath our wheels. The achievement is diminished because while the interstate system is a superb network of roadways, much remains to be done to make many miles of two-lane pavement adequate to meet the demands of today and tomorrow.

To keep Missouri moving, I asked our citizens to approve an increase in fuel taxes in 1987 to fund a $6 billion highway improvement program. Beyond the scope of that program remains other vital highway projects determined through a detailed study of Missouri's bridge and highway needs. Those needs include converting major two-lane roads to dual-lane highways.

Missouri is a fiscally prudent state, and its economy is healthy, but it cannot alone build the highways needed to serve demands of the coming decades. As with the interstate highway system, direction from the federal

government and funding from the federal government are essential.

My distinguished colleague from Kentucky, Gov. Wallace Wilkinson, testified before you last week on behalf of the National Governors Association, of which I am vice chairman. Gov. Wilkinson, who is chairman of the association's Committee on Transportation, Commerce and Communications, reminded you that the states believe the federal government is not keeping its share of the bargain on fuel tax revenue.

As he put it, "The money goes in, but it doesn't all come back."

Wayne Muri, chief engineer of the Missouri Highway and Transportation Department, will tell you later some of the adverse effects caused by withholding federal funds. He also will point out how the present highway program works to Missouri's disadvantage.

Through the years, Missouri has made sure it received all federal highway money for which it qualified. Some apparently have become complacent as a result, thinking that Missouri was getting its fair share of federal highway money. We now know that is wrong. Missouri has qualified for less than 85 cents of each dollar its citizens have paid in federal fuel taxes. That's not a fair share, and that formula should not be allowed to continue.

The important point is that change is at hand, and the change could work greatly to Missouri's advantage.

I'm pleased to be able to tell you that President Bush's recommendations for the next Surface Transportation Act can help Missouri a great deal.

The President's proposal would increase dramatically the flow of federal highway funds into Missouri. The total for Missouri would increase by more than $60 million next year, from $268 million to $330 million. Missouri's share would grow to $490 million in the fifth and final year of the proposal.

Those are substantial increases in funding for Missouri. I submit, however, that the portion for Missouri should be even greater in the initial years of the proposed program. It is less than it could be, because Missouri finished its interstate system so quickly. The proposed bill computes Missouri's share on a lower level, because interstate funds are set aside.

You may wonder why, after 30 years, some states still have not finished the interstate. Much of the answer concerns expensive interstate segments that may not be cost-effective. I suggest you examine this portion of the proposal carefully and consider making no special provision for interstate construction. That would result in a fairer distribution of the funds. By doing so, Missouri would receive 99 percent of its share returned in Fiscal Year 1992 as opposed to only 84 percent under the current proposal.

Interstate highways are important but so are the primary roads -- many of which will be designated highways of national significance. This will include many of the two-lane roads in Missouri that we know must be improved to dual-lane highways.

Much has been made of Americans' love affair with the automobile. Americans may love their automobiles, but they are growing disillusioned with their highways.

Highways are the key to this country's future. The health of our economy and the vitality of our highway system are closely linked. When people cannot easily travel from city to city and move goods efficiently, regional economies suffer. If business and industry in Missouri cannot reach customers in other states and other countries, our state economy obviously will suffer as well.

President Bush's proposal will allow us to improve our highways at a faster pace, and Missourians will enjoy the improvements in mobility and in our economy. There will be more jobs directly related to construction of highways, and later, more jobs to accomplish the tasks generated by a more robust economy.

But a better highway system clearly benefits more than Missouri. As international competition intensifies, we must ensure that American transportation helps rather than hinders our efforts. How can we compete against European countries whose roads carry trucks thousands of pounds

heavier than ours? How can we compete against countries that are committed to investing much more in infrastructure?

For example, trucks in Europe routinely operate at gross weight of 130,000 pounds -- almost 40,000 pounds more than the normal maximum in America. Imagine what that means in terms of competitiveness and transportation efficiency. While our roads are collapsing under 80,000-pound loads, European roads are built to withstand 130,000-pound loads and last longer to boot. Containerized shipping is increasingly common, but we are ill-prepared to handle the loads to which European shippers are accustomed. How then, can we expect to compete against a united European economy?

During the past two decades, America has turned its back on highway needs. In the 1950s and 1960s, capital investment in highways kept pace with the increase in the number of miles traveled by motorists. In the late 1960s, as travel continued to increase, the investment in highways began decreasing. Investment began to increase in the early 1980s, but it is far behind the growth in highway use.

Some of the consequences of this neglect have been obvious. Any motorist can tell you. There are other effects, however, that are less obvious. Studies by David Aschauer, which Governor Wilkinson also cited, show a direct relation between productivity growth and public investment in highways and other portions of the infrastructure.

In terms of public infrastructure investment and productivity growth among Japan, West Germany, Italy, France, the United Kingdom and Canada, the United States ranks last. Within the United States, the rate of growth in productivity throughout a 35-year period closely follows -- and declines with -- the infrastructure stock.

Missouri intends to do everything it can to turn around the economic slide and make America a leader again. Missouri knows transportation is a key to accomplishing that. We in Missouri are aware that substantial improvements in our highway system might require a higher matching rate from the states. While many governors have significant concerns about that increase, I would add that if you choose to increase the state share, we request that you consider the capacity of the states to fund the projects. Most of our revenues for roads come directly from gas taxes, so each time the federal government increases taxes, particularly gas taxes, our ability to improve our own funding is diminished significantly. Thank you for your interest and concern. I encourage you to move forward quickly in your consideration of President Bush's proposal so we can improve America's transportation system.

STATEMENT

OF

JOSH BILL

CHAIRMAN, HIGHWAY 60 COMMITTEE

BEFORE

THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

St. Louis, Missouri

March 1, 1991

Thank you Mr. Chairman. It is indeed an honor and privilege for me to appear before the Subcommittee today. This year your panel will cast the die to shape our highway program for decades into the future. I'd like to make a positive contribution to your effort, and I'm deeply grateful for the opportunity.

Mr. Chairman, I believe the Interstate Highway system in truly one of the "Wonders of the World". It's a tribute to the vision of our political leadership in both parties and for the past 35 years.

This is the circulatory system of our great nation. Isn't that why we speak of highway "arteries"? Just as blood cells carry life-giving oxygen, these concrete ribbons bring commercial life to communities along their path.

I think we take many of these assumptions for granted. But, for those not served by these commercial arteries, there can be little hope and little future.

When discussing allied plans for the Iraqi Army in Kuwait, General Colin Powell said "First we're going to cut it off, then we're going to kill it." It seems to me the results of the past several days prove that once you've cut it off, you've gone a long way toward killing it.

What works for an army applies equally to a region of towns and cities. If they are cut off from the cirulation of commerce, they simply die.

Mr. Chairman, you and your colleagues are well aware that the transportation network across this great nation is not complete. I come before you representing a number of communities in southern Missouri who are still waiting for viable highway access to the rest of the country.

We've been working to expand the existing Highway 60 to a four lane divided highway corridor across southern Missouri. It's a project that was planned and promised 30 years ago when Interstate 57 was terminated in southeast Missouri. That was many promises ago.

If completed, Mr. Chairman, this corridor would serve the largest area in the Eastern two-thirds of the United States not presently traversed by an Interstate Highway. And it's important to clarify, this area of south-central Missouri and north-central Arkansas has no four-lane highway of any kind crossing through it.

Mr. Chairman, this region includes the Ozarks. And while, like most caricatures, the Ozark Hillbilly is more a remnant than a reality; it is true the Ozarks have not enjoyed the flow of people and commerce that comes with a viable highway corridor.

The communities in this region have a great handicap in getting and keeping jobs. Few employers will move to areas cut off from the nation's arteries of commerce, and successful employers frequently choose to expand or relocate where transportation access is not a problem.

But beyond what some might consider a local interest, I believe the expansion of this highway would serve a national goal. It would provide a western outlet to the second largest inland port in the United States at Cairo, Illinois, and a highway connection at the confluence of the two largest rivers of North America.

If there truly is to be a commitment to intermodal transportation, I don't see how Congress can stay silent while this great national resource remains in a surface transportation backwater.

I fully realize that the Administration intends to turn many more of these questions over to the states. But I hope that if and when you agree to do that, you will pay very careful attention to the impact of the formula changes they propose.

Missouri is the only state in the country that requires a vote of the people for every increase in the taxes devoted to transportation. Increasing the local matching requirement, therefore, is a matter of utmost concern to those of us still waiting our turn.

This is particularly true when there is so much discussion of a $.25 federal gas tax for deficit reduction. It seems to me this notion finds most favor with those who have already got theirs.

Such a move would cripple our ability to raise revenue through referendum, at the same time it increased the amount of local revenue we must contribute just to stay even.

Whatever, the outcome, I implore you who will write the initial legislation to prevent this "one-two punch". It will destroy Missouri's ability to complete our network of highways.

As a minimum allocation state, we already get back only $.85 for every dollar we send to the Highway Trust Fund. If these proposals are adopted, that number will go far lower. At that point, our hopes for a corridor across southern Missouri, and growth for the Missouri and Arkansas Ozarks, will be lost for many years to come.

Once again, thank you for the privilege of appearing here today.

MO — vote of the people for every increase

MEL CARNAHAN
LIEUTENANT GOVERNOR
STATE OF MISSOURI

**REMARKS OF LIEUTENANT GOVERNOR MEL CARNAHAN
BEFORE THE HOUSE COMMITTEE
ON PUBLIC WORKS AND TRANSPORTATION,
SUBCOMMITTEE ON SURFACE TRANSPORTATION**
CHAIRMAN: REP. NORMAN Y. MINETA (D., CA)

I WOULD LIKE TO BEGIN MY TESTIMONY BY THANKING THE HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE FOR THE OPPORTUNITY TO TESTIFY BEFORE YOU TODAY ON THIS MOST IMPORTANT SUBJECT . . . TRANSPORTATION. AS YOU SURELY KNOW, MISSOURI HAS PLAYED AN EXTRAORDINARY ROLE IN THE TRANSPORTATION HISTORY OF THE UNITED STATES.

THE FIRST INTERSTATE ROUTES IN OUR NATION'S HISTORY WERE RIVERS. WE MEET TODAY JUST MILES FROM THE CONFLUENCE OF THE TWO GREAT RIVERS OF THE NORTH AMERICAN CONTINENT.

IN THE MID 19TH CENTURY, MISSOURI BECAME THE GATEWAY TO THE WEST. THE FOUR TRAILS TO THE PACIFIC HAD THEIR COMMENCEMENT FROM THE SHOW-ME STATE, BEING THE OREGON, CALIFORNIA, MORMON AND SANTE FE TRAILS. SUCH FRONTIER MISSOURI VILLAGES AS INDEPENDENCE, FRANKLIN, LIBERTY,

STATE CAPITOL
P.O. BOX 563, JEFFERSON CITY, MO 65102

WESTPORT AND BOONVILLE BECAME THE LAST SIGHT OF CIVILIZATION THAT THESE TRAIL BLAZERS EXPERIENCED.

ST. JOSEPH, MISSOURI, WAS THE POINT WHERE THE PONY EXPRESS HEADED FOR CALIFORNIA, PROVIDING A FASTER CROSS CONTINENTAL U. S. MAIL SERVICE, CONNECTING NEW YORK AND WASHINGTON TO SAN FRANSISCO AND SACRAMENTO.

MUCH LIKE THE WAGON TRAILS, THE FIRST RAIL LINES HEADING WEST WENT THROUGH KANSAS CITY, ST. JOSEPH AND JOPLIN. 20 YEARS BEFORE THE GOLDEN SPIKE WAS DRIVEN THE MISSOURI LEGISLATURE CHARTERED THE PACIFIC RAILROAD.

A ST. LOUIS BASED AVIATOR WITH THE FINANCIAL BACKING OF ST. LOUIS BUSINESSMEN FLEW HIS PLANE "THE SPIRIT OF ST. LOUIS" ACROSS THE ATLANTIC, MAKING CHARLES LINDBERGH THE FIRST PERSON TO FLY SOLO ACROSS THE ATLANTIC.

AND IN 1956 THE FIRST SECTION OF THE FEDERAL INTERSTATE HIGHWAY SYSTEM WAS COMMENCED ONE COUNTY NORTH OF WHERE WE MEET TODAY. THE GREATEST HIGHWAY SYSTEM IN THE WORLD WAS FIRST BEGUN IN ST. CHARLES COUNTY, MISSOURI.

MISSOURI HAS PLAYED A MAJOR HISTORICAL ROLE IN TRANSPORTATION IN THIS NATION. I AM HERE TODAY TO SAY THAT MISSOURIANS ARE JUST AS CONCERNED WITH LEADING THE WAY IN

TRANSPORTATION AS WE APPROACH THE 21ST CENTURY, AS OUR ANCESTORS WERE IN THE 19TH CENTURY.

I REALIZE THAT THERE IS AN ALLIANCE BETWEEN THE FEDERAL GOVERNMENT AND THE DIFFERENT STATES IN REGARD TO HIGHWAY FUNDING. MISSOURI IS CONCERNED THAT SHE RECEIVE HER FAIR SHARE OF ADDITIONAL FEDERAL HIGHWAY FUNDS. IT IS MISSOURI'S DESIRE TO ENSURE THE MONEY THAT COMES INTO THE HIGHWAY TRUST FUND IS SPENT FOR HIGHWAYS AND THE FUNDS HELD BACK IN PREVIOUS YEARS ARE RELEASED.

MISSOURI'S HIGHWAY FUNDING DEPENDS HEAVILY ON USERFEES AND FUEL TAXES. THE FEDERAL GOVERNMENT'S NEW ATTEMPTS AT DEFICIT REDUCTION BY UTILIZING FUEL TAXES CRIPPLES ANY POTENTIAL EFFORT ON MISSOURI'S PART TO ADDRESS OUR HIGHWAY NEEDS. I WOULD LIKE TO ASK THE COMMITTEE TO FIND OTHER MEANS OF DEFICIT REDUCTION OTHER THAN ADDITIONAL MOTOR FUEL TAXES.

MISSOURI COULD MORE THAN DOUBLE ITS SHARE OF FEDERAL HIGHWAY FUNDS IF MISSOURI WERE TO RECEIVE HER FAIR SHARE OF THE FUNDS AND IF ALL THE MONEY COLLECTED FROM THE FUEL TAXES WERE SPENT ON TRANSPORTATION.

MISSOURI'S HIGHWAY NEEDS WERE OUTLINED BY OUR STATE DEPARTMENT OF HIGHWAYS AND TRANSPORTATION LAST YEAR IN WHAT THEY TITLED "THE TEN YEAR NEEDS STUDY." THIS NEEDS

STUDY OUTLINED THE NECESSITY FOR MISSOURI TO ADDRESS THE SAFETY FACTOR. MISSOURI LEADS THE MIDWEST IN TRAFFIC FATALITIES. THE FUNDING OF THE PROJECTS OUTLINED IN THE NEEDS STUDY WOULD REDUCE THE FATALITIES BY TWO-THIRDS, WHICH MEANS TWO OUT OF THREE PEOPLE KILLED ON OUR HIGHWAYS WOULD BE SAVED.

MISSOURI COULD ADDRESS THIS NEED IF IT WERE TO RECEIVE HER FAIR SHARE OF FEDERAL FUNDING. AS YOU HAVE ALREADY HEARD FOR EVERY FUEL TAX DOLLAR MISSOURI SENDS TO WASHINGTON, WE GET LESS THAN 85 CENTS BACK.

WE READ OF AMERICA'S CRUMBLING INFRASTRUCTURE AND OUR INABILITY TO ADDRESS THE NEED TO REBUILD OUR ROADS AND BRIDGES. I BELIEVE THAT A NATION THAT CAN SO ACCURATELY DESTROY BRIDGES AND HIGHWAYS ON THE OTHER SIDE OF THE GLOBE ALSO CAN REBUILD ROADS AND BRIDGES AT HOME.

WE HAVE SHOWN THE WORLD THAT WE ARE "THE" SUPERPOWER. I BELIEVE IT IS NOW TIME TO EXPEND SOME OF THAT EFFORT AND EXPERIENCE AT HOME BY REBUILDING THE TRANSPORTATION SYSTEM WHICH WAS, AND CAN BE ONCE AGAIN, THE ENVY OF THE WORLD.

THANK YOU.

Neil Dillard, Mayor
City of Carbondale
P.O. Box 2047
Carbondale, IL 62902
(618) 549-5302

Member of the Southwestern Illinois Freeway Team (SWIFT)

# SOUTHWESTERN ILLINOIS FREEWAY TEAM (SWIFT)
# BACKGROUND PAPER

In the Spring of 1989, the Southwestern Illinois Freeway Team (SWIFT) was organized to develop a regional, non-partisan, cooperative effort to work for a major four lane highway to connect Southern Illinois with the St. Louis Metropolitan Area. Representatives from Jackson, Perry, St. Clair, Randolph, and Monroe Counties are involved in this regional effort.

The need for improved highway access between Southern Illinois and the St. Louis area has long been recognized. The lack of a four lane highway linking the two areas is a major detriment to economic development efforts throughout the region. Improved access to and from the region is also critical for tourism development and to support the continued viability of existing business and industry.

The specific location or route for the new highway will be determined by future studies. At this time, representatives from the five county area have agreed to work together in support of the project, regardless of the specific location of the highway.

Since its inception, SWIFT has garnered substantial support in the region. Resolutions of support for the project have been adopted by County Boards, City Councils, Townships, Chambers of Commerce and other Business Development Organizations, and a large and diverse group of private organizations. Southern Illinois University at Carbondale is also a strong supporter of the proposed highway. The University's Strategic Plan notes the importance of

improved highway access to the University in terms of student, faculty, and staff recruitment and the role of the University in the region.

The Lower Mississippi Delta Development Commission, a seven state commission formed by the Federal government to study and make recommendations regarding economic needs, problems, and opportunities in the Lower Mississippi Delta region, also cited the need for improved transportation access in the Southern Illinois region.

The SWIFT effort is now being focused on the State and Federal levels where financial resources must be provided to finance the design and construction of the highway. It is hoped that the Federal Government will include this project in the reauthorization of the Federal Highway Program. Congressman Glenn Poshard, who represents much of Southern Illinois, has been briefed on the project, and it is hoped that he can help secure funding through his membership on the House of Representatives' Public Works Committee. Briefings have also been held with Governor Edgar and State Transportation Department representatives. Our State Representatives and Senators are fully supportive of the project.

The need for a four lane highway will be further heightened if Scott Air Force Base is developed into a joint military/civilian air transportation facility as many are now advocating.

We believe that the time has come to push for this long delayed transportation improvement and would welcome your support.

TESTIMONY OF

PRESIDING COMMISSIONER ELIZABETH FAULKENBERRY

JEFFERSON COUNTY

BEFORE THE

HOUSE COMMITTEE

ON

PUBLIC WORKS AND TRANSPORTATION

MARCH 1, 1991

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE,

I WANT TO THANK YOU FOR THE OPPORTUNITY TO APPEAR HERE BEFORE YOU AND TESTIFY ON BEHALF OF JEFFERSON COUNTY'S INFRASTRUCTURE NEEDS NOW AND IN THE NEXT TEN YEARS.

JEFFERSON COUNTY HAS BECOME ONE OF THE MOST PROGRESSIVE COUNTIES IN MISSOURI, GAINING VOTER APPROVAL ON SIX MAJOR TAX ISSUES IN THE LAST TWELVE YEARS. THESE INCLUDE A COUNTY GENERAL REVENUE SALES TAX OF ONE-HALF CENT, A BRIDGE BOND ISSUE WHICH HAS REPLACED FORTY-THREE DEFICIENT AND DANGEROUS BRIDGES, A COUNTY CAPITAL IMPROVEMENT SALES TAX OF ONE-HALF CENT FOR RECONSTRUCTING 700 MILES OF COUNTY ROADS, A COUNTY LAW ENFORCEMENT SALES TAX OF ONE-HALF CENT, A COUNTY LIBRARY TAX LEVY OF TWENTY CENTS PER HUNDRED DOLLARS VALUATION, AND MOST RECENTLY AN EMERGENCY TELEPHONE OR 9-1-1 SYSTEM WITH A ONE DOLLAR AND

TWENTY CENTS CHARGE PER MONTH PER PHONE LINE. DURING THE SAME TIME PERIOD, THE VOTERS HAVE ADOPTED PLANNING AND ZONING, THE COUNTY COMMISSION HAS ADOPTED ITS FIRST SOLID WASTE ORDINANCE WHICH HAS CLEANED UP TWO THOUSAND ILLEGAL DUMPS AND HAS BUILT A NEW JAIL DUE TO BE COMPLETED JUNE 1, 1991.

HOWEVER, IN SPITE OF THIS PRAISEWORTHY LOCAL EFFORT, LADIES AND GENTLEMEN, JEFFERSON COUNTIANS FACE PROBLEMS WHOSE SOLUTIONS ARE TOO EXPENSIVE TO ACHIEVE WITHOUT FEDERAL HELP.

THESE PROBLEMS FALL ROUGHLY INTO THREE CATEGORIES: TRANSPORTATION, SEWERS AND SOLID WASTE. ALL OF THESE PROBLEMS ARE NEGATIVELY AFFECTED BY PROPOSED OR EXISTING FEDERAL ADMINISTRATION BUDGET POLICIES.

**TRANSPORTATION**

JEFFERSON COUNTY HAS BEEN FORTUNATE TO HAVE CONSIDERABLE IMPROVEMENT IN ITS NORTH-SOUTH FEDERAL AND STATE HIGHWAYS SINCE THE PASSAGE OF PROPOSITION "A". THE SINGLE MOST PRESSING HIGHWAY NEED THAT WE HAVE AT PRESENT IS:

1. AN EAST-WEST ARTERIAL HIGHWAY, PREFERABLY A NORTHERN JEFFERSON COUNTY OUTER BELT, FROM HIGHWAY 55 TO HIGHWAY 109.
2. ALSO NEEDED FOR THE FUTURE IS AN EAST-WEST ARTERIAL HIGHWAY FROM HIGHWAY "A" TO HIGHWAY 44.

THESE HIGHWAY PRIORITIES ARE VITAL TO JEFFERSON COUNTY'S FUTURE. THE COMPLETE LACK OF AN EAST-WEST HIGHWAY IS VERY DETRIMENTAL TO OUR COUNTY, HOWEVER THE COST OF SUCH A HIGHWAY IS FAR BEYOND OUR COUNTY'S FINANCIAL CAPABILITY TO CONSTRUCT. WE MUST RELY ON THE MISSOURI HIGHWAY DEPARTMENT. IN TURN, THEY MUST RELY ON FEDERAL HIGHWAY TRUST FUND MONEY. I SEE THE ADMINISTRATION PROPOSAL TO DOUBLE MISSOURI'S LOCAL SHARE TO FORTY PERCENT AS A DISASTER PROPOSAL. THE MISSOURI HIGHWAY DEPARTMENT CAN BARELY MEET THEIR COMMITMENTS NOW. FURTHER, MISSOURIANS SHOULD RECEIVE AT LEAST 2.5 PERCENT OF THE TRUST FUND MONEY WHICH IS ABOUT WHAT WE CONTRIBUTE, ACCORDING TO THE MISSOURI HIGHWAY DEPARTMENT. THIS WOULD DOUBLE OUR CURRENT FUNDING LEVEL.

ANOTHER ASPECT OF TRANSPORTATION IN WHICH JEFFERSON COUNTY IS VERY INTERESTED IS LIGHT RAIL/MASS TRANSIT. OVER SIXTY PERCENT OF OUR WORKERS TRAVEL TO ST. LOUIS COUNTY AND CITY EVERYDAY TO WORK. WITH OUR POPULATION AT ONE HUNDRED SEVENTY THOUSAND, ACCORDING TO THE 1990 CENSUS, THIS REPRESENTS A LARGE POTENTIAL RIDERSHIP. JEFFERSON COUNTY NEEDS A STUDY ON THE FEASIBILITY OF EXTENDING THE METRO LINK INTO OUR COUNTY.

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**SANITARY SEWERS**

ONE OF JEFFERSON COUNTY'S MAJOR PROBLEMS IS PROVIDING SEWER TRUNK AND COLLECTOR LINES AND SEWAGE TREATMENT FOR A RAPIDLY GROWING POPULATION. (THE 1970 CENSUS REPORTED A POPULATION OF 110,000. BY 1990, THE POPULATION WAS 170,000).

COMMON SEWER DISTRICTS WERE CREATED BY THE JEFFERSON COUNTY COMMISSION IN 1979 IN NORTH JEFFERSON COUNTY WHERE THE POPULATION GROWTH ; GREATEST. UTILIZING THE SEWER GRANTS PROGRAM, THESE DISTRICTS WERE ABLE TO GROW AND BEGIN SERVING CUSTOMERS. BOTH DISTRICTS HAVE PASSED BOND ISSUES. EACH CHARGES A SEVEN HUNDRED DOLLAR TAP-ON FEE AND MONTHLY SERVICE FEES OF TWENTY TO TWENTY FOUR DOLLARS PLUS CONNECTION COSTS TO REACH DISTRICT LINES. BECAUSE OF THE TOPOGRAPHY OF JEFFERSON COUNTY (HILLS AND ROCKS), LAYING SEWER PIPES AND BUILDING LIFT STATIONS IS VERY EXPENSIVE.

SEWAGE TREATMENT COSTS CONTINUE TO CLIMB AND POPULATION GROWTH MAKES IT IMPOSSIBLE TO CATCH UP WITHOUT A CONTINUING SEWER GRANTS PROGRAM. PLEASE REAUTHORIZE THAT PROGRAM. I DON'T BELIEVE WE CAN CONTINUE TO SO DRAMITCALLY INCREASE CHARGES TO USERS AND WE CAN'T PROVIDE SEWAGE TREATMENT WITHOUT FUNDS. JEFFERSON COUNTY HAS PERHAPS THE MOST SERIOUS PROBLEMS WITH SEWERS IN THE STATE. IN FACT, AT ONE TIME IT WAS SO IDENTIFIED BY THE

Last, let me commend to you our proposed multi-modal station project, which will provide at long last a permanent home for Amtrak in downtown St. Louis and allow, for the first time, direct interface among Amtrak, light rail urban transit, and Greyhound intercity bus service. This proposed St. Louis Regional Transportation Center will also allow travelers to access numerous city bus lines, park on the downtown periphery and reach locations in the core via light rail transit, and travel directly to Lambert-St. Louis International Airport by light rail transit. In addition, a nearly-completed FAA study assessing the need for and feasibility of a downtown heliport has identified the site as ideal for such a purpose. The facility will include a complete range of support concessions as well. We hope that you and your colleagues will agree that this proposal provides an excellent example of the benefits of intermodalism and that it is worthy of federal support.

Again, my sincere thanks for coming to St. Louis and inviting me to address you today.

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SOLID WASTE DISPOSAL

ALONG WITH THE REST OF THE ST. LOUIS METROPOLITAN AREA, JEFFERSON COUNTY IS FACING A CRISIS IN SOLID WASTE DISPOSAL. LANDFILLS ARE NEARING COMPLETION WITH NO NEW ONES BEING SITED. WHILE CITIZEN AWARENESS OF THE PROBLEM IS GROWING, ALONG WITH LOCAL AND STATE EFFORTS TO ENCOURAGE RECYCLING, VERY LITTLE IS BEING DONE TO ADDRESS THE VERY REAL PROBLEM OF WHAT WE ARE TO DO WITH THE SIXTY TO EIGHTY PERCENT OF SOLID WASTE THAT CAN'T BE RECYCLED.

JEFFERSON COUNTY DOESN'T HAVE A LANDFILL AND HAS GEOLOGY PROHIBITIVE OF SITING A LANDFILL. WE PRODUCE APPROXIMATELY FOUR HUNDRED TONS OF TRASH PER DAY WHICH GOES TO LANDFILLS IN NEIGHBORING COUNTIES. WE SEE THE TRAIN OF CRISIS COMING DOWN THE TRACK BUT WE HAVEN'T ANY ANSWERS. IF OUR NEIGHBORS CLOSE THEIR LANDFILLS TO US TO SAVE SPACE FOR THEMSELVES, WHAT ARE WE TO DO?

IF PRIVATE BUSINESS COULD DEVELOP TECHNOLOGY FOR DISPOSING OF THE WASTE IN AN ENVIRONMENTALLY SAFE ECONOMICAL AND PROFITABLE WAY, IT WOULD BE IDEAL AND WORTHY OF SOME TYPE OF FEDERAL INCENTIVE. IF, AS I SUSPECT, IT IS GOING TO BE UP TO THE LOCAL ENTITIES TO DEAL WITH THIS PROBLEM, WE NEED HELP.

IS THERE SUCH AN ANIMAL AS A STANDARDIZED MODULAR DESIGN OF A WASTE BURNING PLANT WHICH WOULD GENERATE ELECTRICITY AND WOULD NOT COST DOUBLE DIGIT MILLIONS OF

DOLLARS TO CONSTRUCT? COULD FEDERAL DOLLARS BE USED TO DEVELOP SUCH A DESIGN?

COULD A SOLID WASTE GRANTS PROGRAM BE DESIGNED AND FUNDED TO PROVIDE HELP TO METROPOLITAN AREAS WHICH MAY SOON OTHERWISE BE BURIED UNDER THEIR OWN TRASH?

COULD JEFFERSON COUNTY BE FUNDED FOR A STUDY TO DETERMINE THE FEASIBILITY OF SITING A WASTE TO ENERGY PLANT COMBINING SEVERAL APPROACHES TO WASTE DISPOSAL? FEDERAL HELP IS NEEDED BECAUSE THE PROBLEM IS SO GREAT AND THE SOLUTIONS SO COSTLY.

ON BEHALF OF THE PEOPLE OF JEFFERSON COUNTY, I WANT TO THANK THE MEMBERS OF THIS COMMITTEE AND THEIR COLLEAGUES IN CONGRESS FOR THE WATER STUDY NOW BEING DONE FOR JEFFERSON COUNTY BY THE UNITED STATES CORPS OF ENGINEERS. THANK YOU FOR YOUR HELP.

THESE ARE OUR MAJOR NEEDS. ANY HELP THAT YOU CAN PROVIDE WILL BE GREATLY APPRECIATED BY OUR PEOPLE.

I AM WILLING TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

TESTIMONY

SUBCOMMITTEE ON SURFACE TRANSPORTATION

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

U.S. HOUSE OF REPRESENTATIVES

# Impacts of the Proposed I-66 Corridor

Dr. Lonnie E. Haefner

March 1, 1991

45-155 O—91——5

I am pleased to have the opportunity to testify today at your field hearings in St. Louis with respect to forthcoming national transportation policy and highway reauthorization legislation. My name is Dr. Lonnie E. Haefner, and I am a professional transportation planner and traffic engineer. I have been the Technical Advisor to the I-66 Steering Committee and the Southeast Missouri Regional Commercce & Growth Association with respect to the referenced I-66 project during the last two years.

The project encompasses some fourteen states and offers them the opportunity to work together in overlapping achievement of common regional economic and international trade goals. This twenty-four hundred mile transportation corridor can be conceived as multi-modal in nature, while incorporating forthcoming high technology components of Intelligent Vehicle Highway Systems (IVHS) to achieve maximum safety and flow efficiency. The cross-section associated with the alignment is that of high-type design standards which include a 200-300 foot right-of-way and local service frontage roads. The design speed is conceived at 70 miles per hour with grades and curves within acceptable standards. Originally conceived as two lanes in each direction, it may be developed as three lanes in each direction with one lane dedicated as an exclusive truck lane. Subgrade, subbase, pavements and related geometrics would be of design and depth to accommodate heavy weight trucks sanctioned in the 1992 Surface Transportation Assistance Act. The economic benefits of such operation have been thoroughly documented. In keeping with the potential for increased performance from our highways, the above cross-section may be moved to 400 feet in width with three lanes at 14 feet per lane, with an exclusive truck lane and design speeds in the 80 to 100 miles per hour range. This is

possible, though costly, to yield an "autobahn" performance level on some of our future highways. Much will depend on design standards foreseen by FHWA for post-interstate systems conceived to have major impact on national economic development.

AASHTO has predicted a doubling of national travel demand by year 2020. The presence of I-66 will reduce traffic on I-40 and I-70 by approximately one-third and yield a longer life of useful traffic flow for those facilities, in addition to reducing accident rates. Transcontinental travel time by truckers will be reduced by an equivalent of two to three days per month, yielding an annual savings for truck tractor unit of $7,000 per year. The direct linkage of east-west deep water ports to midwest railroads and gulf coast ports will allow this system to truly act as a "land bridge" which will increase tonnage across west coast deep water ports and allow the U.S. to become a true international trade clearinghouse, maximizing its infrastructure usage in a global resource sense.

Projections by our development economist indicate significant domestic economic impact resulting from the construction of this facility. Multiplier analysis indicates a positive impact of 346-367 billion dollars annually, due to the presence of this facility. This is truly a significant gain, and illustrates the benefit of adequate highway corridors to GNP.

We would propose the corridor be open to all possibilities for public-private partnership planning and financial participation, including toll roads, mixed public-private investment, and usage of new block grant and altered match ratio funding ultimately emanating from the 1992 Reauthorization Act. We argue that this facility is truly a corridor of National Significance, and propose it be included in the

network proposed by the 1992 Reauthorization Act and be conceived as a unique example of international trade, economic development, high technology and public-private partnership concepts developed in this legislation.

Testimony

of

John K. Leary Jr.
Executive Director
Bi-State Development Agency

before

Subcommittee on Surface Transportation
Public Works and Transportation Committee
U.S. House of Representatives

March 1, 1991

City of Crestwood, Missouri
City Hall

Statement of
Bi-State Development Agency
707 North First Street
St. Louis, Missouri 63102-2595
(314) 982-1588

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Hearing on the Surface Transportation
Assistance Act of 1991

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Mister Chairman, my name is Jack Leary and I am the Executive Director of the Bi-State Development Agency in St. Louis. On behalf of the Bi-State Board of Commissioners, I would like to welcome the Committee to St. Louis and thank you for the opportunity to speak about our perspectives concerning the Administration's proposed bill reauthorizing the Surface Transportation Assistance Act.

With a $93 million budget, the Bi-State bus system provides almost 45 million passenger trips a year in the St. Louis metropolitan area. And, we currently have under construction Metro Link, the region's new 18 mile light rail system scheduled to begin revenue service in July, 1993 -- a $288 million investment which St. Louisans believe will play a key role in strengthening the growth and development of our region.

Because Bi-State currently derives about 12% of its operating revenue from federal sources, and because capital assistance for new equipment and construction of the Metro Link project are vital to our overall program, we have an overriding interest in seeing the federal commitment to public transportation not just maintained, but strengthened.

The proposed bill reauthorizing the Surface Transportation Assistance Act represents sweeping changes in the way in which transit and highway programs are funded. Some of these changes we view as positive. Many, unfortunately, we believe will be harmful in the long run to our nation's efforts meet the mobility needs of our urban areas and, more specifically, harmful to the public mass transit industry.

One positive aspect of the bill is the apparent end to a decade long effort on the part of the federal government to reduce investment in mass transit. Under the proposed bill, the Mass Transportation Administration's budget would actually increase slightly next year over the current level. For this, we lend our support.

Such a proposal is welcome news, particularly in this time of general concern with the economy, both nationally and in St. Louis. Since 1985, Bi-State has seen a decline in federal operating and capital assistance of 35%. Stability in funding and a true partnership between local and federal interests is what we seek.

However, while we applaud these moves, many of the provisions of the proposed legislative reauthorization bill concern us greatly and will have a substantial negative effect on our ability to maintain the present level and quality of service required to meet the needs of the citizens of St. Louis.

One aspect of the administration's bill we most vigorously oppose is the immediate elimination of operating assistance to areas of more than one million in population. Bi-State derives almost 15% of its operating income, or $10 million, from federal assistance. This loss in funding will certainly create a severe hardship for those in our community who are most dependent on public transportation.

Because we largely depend on tax revenues for income, the general economic downturn has already had a significant effect on our budget. This year, the economy and the fuel price increase caused by the instability in the Middle East has created a $3 million shortfall for Bi-State. And, next year, if we do not find additional sources of revenue, we are projecting a budget shortfall of approximately $8 million.

With the loss of federal operating assistance as proposed, our projected deficit for FY 1992 increases to a devastating $18 million.

Federal transportation policy which proposes to eliminate operating assistance for larger regions, like St. Louis, but allows smaller regions to retain funding is a blatant inconsistency in policy and discriminatory in practice.

The loss of operating funds is not our only concern, however. Under the proposed bill, the federal government's share of funding for capital grants decreases from the present 80 percent to 60 percent. This has the effect of doubling the local transit dollars required for purchase of needed capital equipment and vehicles at a time when transit agencies find themselves faced with serious budget deficits brought on by recession and previous cuts in federal aid.

Bi-State's program to replace our aging 10 year old fleet with newer vehicles will be significantly reduced with this new capital grant matching requirement. This current budget year we purchased 119 new buses, and next year we would order 69 additional vehicles. This level of capital acquisition will necessarily have to be reduced under the new program if we have no additional source of capital funding, affecting significantly the quality of service we are able to provide to our customers.

St. Louis is one of three regions with full-funding agreements receiving discretionary monies earmarked for new rail starts. Because of this, the reauthorization bill's changes with regard to new start funding are of grave concern to us also.

To complete construction on Metro Link's initial line, Bi-State needs $41 million dollars yet to be appropriated-- $16 million remaining on our full-funding contract and $25 million additional for an improved airport connection. Finishing the job on the initial segment and any future expansion of Metro Link will be much more difficult and expensive to accomplish given the doubling of local matching funds required from 25 percent to 50 percent.

This essentially means that the St. Louis region will be unable to continue its shift away from dependence on the energy consuming automobile to a more energy efficient mass transit option.

We believe the reauthorization bill, as it stands, will seriously damage Bi-State's ability to continue to provide services required to meet even the basic public transportation needs of the people of the St. Louis metropolitan region. With the elimination of operating assistance and the increased local capital dollar requirements, our ability to expand the role of transit in our area is severely undercut.

The new Surface Transportation Assistance Act, as proposed, shortchanges transit. Under the bill, the imbalance between highways and transit is perpetuated with a 40 percent increase in federal highway spending and a no-growth policy for mass transit.

The growth budget and more favorable matching ratios for highway programs is an indication that the federal government has yet to come to grips with putting together an integrated, balanced, multi-modal transportation assistance program which rationally reflects a sensible, national transportation policy.

National and local concerns with the need for energy conservation, congestion relief and improved air quality in our urban areas can all be addressed by an increased emphasis on public transportation. However, the future viability of our nation's transit programs is put in jeopardy with the provisions of the reauthorization bill as they stand. The bill sends a clear signal as to the priorities of the federal government-- and that signal heralds an abandonment of our urban and metropolitan areas.

Secretary Skinner, in his letter to House Speaker Thomas Foley transmitting the reauthorization bill, spoke about the biggest challenge for transportation in the coming decade being the provision of adequate resources to maintain and improve the national infrastructure.

In St. Louis, we believe that transit is a key component of that infrastructure. Unfortunately, under the provisions of the Surface Transportation Assistance Act, as proposed by the administration, we forsee serious difficulty maintaining and improving our public transportation system.

What we need is not a no-growth approach, but a bold, expanded federal emphasis on public transit. This reauthorization bill will set the course for national transportation policy into the 21st century.

There have been tremendous successes in many cities around the nation with the strengthening of public transportation-- but the job is not finished. Let's learn from and build on the successes to date and not abandon our program unfinished.

Thank you, Mr. Chairman, for the opportunity to provide this testimony on behalf of this most important issue.

**STATEMENT BEFORE THE**

**SUBCOMMITTEE ON SURFACE TRANSPORTATION**

**OF THE**

**HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE**

**by**

**WAYNE MURI**
**Chief Engineer**
**Missouri Highway and Transportation Department**

**March 1, 1991**

Mr. Chairman, my name is Wayne Muri, and I am the Chief Engineer of the Missouri Highway and Transportation Department. This is the most critical point in time in over twenty-five years for transportation in this country. This also is a period of great opportunity for the State of Missouri. For more than three years, we have been deeply involved in preparing for this chance to revise federal highway funding. Thanks for asking our opinion.

To be able to make a dramatic difference in Missouri's highway program is the opportunity of a generation. It is the first significant opportunity since the program began in the late 1950's under President Eisenhower. The new program will set the mold for many years in the future and absolutely dictates what happens in Missouri.

The existing program was based on building an interstate system for our country to enhance our military mobility. Today's efforts in the Middle East points out the importance

of that strategy. Over the years, the program has been very successful and our interstate has virtually been completed. We must maintain and enhance that system but that era is over, and we must move forward with a new strategy. That new strategy has been proposed as a result of over three years of intense effort and we are pleased that the administration has generally embraced the American Association of State Highway and Transportation Officials recommendations.

As Governor Ashcroft pointed out, Missouri was the first to begin construction of the interstate highway system and one of the first to complete our interstate system. As a result, over the past 20 years Missouri has been a loser under the existing program since the early 70s. In fact, we have lost over $700 million because of the makeup of the current formula for funding our nation's highways.

To make the new program more equitable two things must happen. Each state must receive a fair share of the highway monies, and the trust fund balances must be spent.

In Fiscal Year 1991, Congress increased highway spending to $14.5 billion. We commend you for this. However, balances are still accruing in the trust fund without authority being given to spend them. Trust fund dollars are paid in as a user fee and should be spent for their intended purpose -- our transportation system. As Governor Ashcroft pointed out, this can create more jobs and boost our lagging economy. Transportation moves more than people, it moves the economy.

Our own research shows if the funding formula is changed so each state receives a fair share of what it contributes to the trust fund, Missouri could stand to gain $100 million per year. If the formula is changed and the money in the highway trust fund is spent, Missouri could gain an additional $200 million per year. If the formula is changed, the money in the trust fund is spent and a portion of the recent five-cent fuel tax increase is applied to the highway trust fund, Missouri could gain an additional $300 million per year.

These dollars would take us a long way to meeting the $550 million per year in needs we have identified in our "10-Year Unfunded Needs Study" but cannot afford. It would also improve our deficient bridges and interstate pavements, which Missouri has more of than most states. This $550 million need is a bare bones analysis of our existing system and where we believe a $4 return can be realized on every $1 invested in needed improvements.

As you are well aware, Secretary Sam Skinner of the U.S. Department of Transportation released a plan for a new transportation program on February 13. I would like to address my comments now to that plan.

A key element of the plan is that it sets up a five year program. This is important to allow states to plan future transportation projects. The plan also increases the level of funding for the program although not to levels we had hoped or feel are achievable.

The structure of the program contains two components - a categorical program and flexible program. The categorical program includes a new system of highways called the "National Highway System." We believe this is important to complete a coordinated, interconnecting system of highways across the country. This also addresses the area of greatest need in Missouri and which is an extreme concern of your constituents.

The flexible program allows state and local governments to determine the best use of the federal funds. We applaud this change, for each state can then determine its own needs and how to best meet those needs.

The funding formula in the adminstration's plan is based on land area, public roads miles and the gallons of fuel taxed in a state. For a state such as Missouri, which has been receiving less than 85 cents for every $1 it has contributed to the trust fund, this formula is more equitable. Missouri is a crossroads of the nation, and our roads are used to connect the east to the west. The higher traffic volumes on our system require more funds to maintain our roads. Fuel consumption is the most accurate and verifiable way to measure the system use. Missouri ranks fourth among states in the amount of fuel used per vehicle. This new formula would allow Missouri to receive more of its share to maintain that system.

With a change in the program, for the first time in two decades Missouri will receive more of what it contributes to the trust fund. Governor Ashcroft points out that the administration's plan would increase the total federal funds

received in Missouri by $60 million next year. At the proposed Fiscal Year 1996 funding level of $20 billion in the administration's plan, federal funds coming to Missouri would be about $470 million, or $200 million more than the present share.

We will go along with the change in the matching ratios of federal and state dollars if federal fuel tax revenue is used for transportation. If the federal fuel tax is used for deficit reduction it would mean disaster for Missouri. If the federal government requires more state funds and then takes away the method of raising those funds, we would be left holding the bag.

We strongly feel the proposed administration takedown of the trust fund to complete the interstate should be opposed. The administration's proposed program would cost Missouri $60 million per year for the next five years. Any completions should be part of the standard apportionments for the National Highway System. The incomplete interstate segments remain for a reason. They are very costly and of marginal benefit when compared to costs. Expenditure of these funds at the option of the states on other non-interstate highways would produce much greater benefits.

We also object to inclusion in the formula of a low population density factor in the apportionment for the National Highway System. This is a double dipping issue because a land factor is already included.

We also object to the inability to transfer funds from the urban/rural program to the National Highway System. This is contradictory policy because it allows transfer in the opposite direction. This is not consistent with the national interest in a national system of highways nor with the states' interest in connecting with other states.

Also the next surface transportation act proposal changes funding for transit systems. The administration's plan proposes eliminating general fund support for mass transit. Although the plan's flexibility allows spending money on highways or mass transit or both, general fund support of transit systems must be continued in the next surface transportation act. We must have the proper mix of transportation modes and that can never happen if funds can be taken from the pockets of our transportation users and put in another pocket.

A new surface transportation program is the key to the future of transportation in America and to future economic growth. To insure a smooth transition from our current transportation program to a new transportation program, it is imperative that Congress act quickly to pass a new act before the September 30 deadline. Without direction from Congress, states will be unable to plan for the future of their transportation programs.

Our future is in your hands because transportation is the key to our economic survival. There is no rationale for Missouri to receive less federal help. Missouri cannot meet its needs if we don't receive a share of federal dollars that approaches the amount Missourians send to Washington.

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Testimony before the
**Subcommittee on Surface Transportation**
**March 1, 1991**
Saint Louis, Missouri
By
**R. Roger Pryor**
**Executive Director**
**Missouri Coalition for the Environment**
6267 Delmar, St. Louis, MO 63130

Chairman Mineta and members of the Subcommittee on Surface Transportation, I appreciate this opportunity to appear before you today to comment on our nation's highway and transit priorities. I also want to thank Congressman Dick Gephardt for extending his personal invitation to me to address you today.

My name is Roger Pryor and I live in the City of St. Louis. It is my privilege to serve as executive director for the Missouri Coalition for the Environment, a 28,000-member, statewide citizens group founded in 1969. In the brief time we have today, I want to address what I believe to be the major problems facing our national surface transportation policies, and I want to illustrate these problems by commenting on the proposed Page Avenue bridge and highway project.

We are all relieved that the war in the Persian Gulf appears to be winding down; and while many issues confront that part of the world and have been contributory to the conflict, no one can deny that United States' dependence on Middle East oil has been a major factor. Our surface transportation policy which has been dominated since the end of World War II by the private automobile is, of course, a root cause of that dependence. As sad as this war has been, if we do not use this occasion to rethink our national transportation and energy policies, the recent tragedies and sacrifices will only be rendered more meaningless. Incredibly, the priorities of the Bush Administration for transportation and energy seem to have been time-warped from the 1950s, reflecting none of the understanding that our nation has gained about the environment, energy use, traffic gridlock, and suburban sprawl in the last two decades.

Our transportation morass was summed up well by Henry Allen of the Washinton Post:

"When did driving a car turn into such an indignity, such an ordeal? When did you first notice that half the traffic jams you crawled through had no apparent cause whatsoever? When did you start asking, over and over: 'Where the hell are all these people going?'

"What was the first Saturday you decided to drive to that new mall 30 miles down the interstate and buy a bookcase, and the road was jammed, the wise guys weaving in and out, trucks moaning and slobbering 11 feet behind you, a feeling that you were not so much driving as being driven, trapped and out of control at the same time, like having a heart attack in the middle of a prison riot?

- more -

"When did you start getting out of the car with an adrenalin hangover, a kind of smoggy tingle in your body that lingers for hours?

"When did you start looking at your suburban dream of a house and wondering if it was worth the driving you have to do?

"Something has changed."

[Washington Post National Weekly Edition, Dec. 31, 1990 - Jan. 6, 1991]

Allen goes on to write about the so-called Q/K curve that traffic engineers use to describe traffic jams which seem to happen **for no visible reason**. In other words -- too many cars trying to go to the same destination at the same time! With enough automobiles in our country to provide one per adult, no amount of new road construction (i.e. increase capacity) will keep pace for long. Highway engineers have, instead, resorted to building for excess capacity -- redesigning our existing highways to carry loads for which they were never intended. Interstate 270 in western St. Louis County is a good example. Originally designed as our metro area's westernmost circumferential highway of four lanes, it now serves as a north-south conveyor of 8 lanes or more with nearly as many rush-hour trips moving east-west as there are moving west-east.

The only sound way to design for excess capacity is to look inside our automobiles, not outside. The average car carries 1.2 people. If that number were raised to just 1.7 people per car, most of our gridlock traffic jams would be history. Not to mention the resulting reduction in pollution emissions, fuel savings and traffic accidents. Incentives for car and van pools must be found: they can run the gamut from reduced parking charges for pool vehicles to tax incentives for employer-provided free parking only for pool vehicles to highway design features such as High Occupancy Vehicle (HOV) lanes.

Just consider pollution effects. In data released by the American Public Transit Association, emissions per 100 passenger miles for van pools, car pools and single-occupant cars were compared along with several forms of public transport:

**Pollution Emitted from Urban Transport Modes, for Typical Work Commutes, United States**

| Mode | Hydrocarbons | Carbon Monoxide | Nitrogen Oxides |
|---|---|---|---|
| | (grams per 100 passenger miles) | | |
| Rapid Rail | 0.3 | 2 | 49 |
| Light Rail | 0.4 | 3 | 69 |
| Transit Bus | 20 | 305 | 154 |
| Van Pool | 36 | 242 | 38 |
| Car Pool | 70 | 502 | 69 |
| Auto (one occupant) | 209 | 1,506 | 206 |

[Source: "Mass Transit: The Clean Air Alternative," 1989, APTA]

As environmentalists, we support mass transit as an even better way to handle excess capacity than vehicle pooling. Public transport has the additional advantage of not requiring the dedication of so much land for parking lots and garages. Of course, mass transit has a tough way to go -- primarily because of the very nature of our sprawling metropolitan areas. And the nature of commuting has changed as well. Many more people now commute between suburbs than between suburbs and central cities. Researchers at Australia's Murdoch University have demonstrated a sad irony; namely, that those cities with the least sprawl are best able to promote alternatives to driving. Looking at 32 cities worldwide, they found that low urban densities (measured by the number of people and jobs per acre of land) and auto dependence generally go hand-in-hand.

Public subsidies of mass transit often come under criticism -- our local Bi-State bus system certainly gets its share, and the cost of providing public transport is, understandably, the overriding factor in a government's decision when picking from transportation options.

Marcia Lowe, in her study Alternatives to the Automobile: Transport for Livable Cities [Worldwatch Paper 98], points out that comparison of costs of providing train and bus service to those for private automobile travel is a complex task. To be fair, the comparison must include the full costs of both systems -- including environmental costs and the social consequences. "Drivers would find public transit more attractive if they kept the full costs of automobile transport in mind. Few U.S. drivers realize that, including fuel, maintenance, insurance, depreciation and finance charges on their cars, they pay $34 for every 100 miles of driving. On a yearly basis, it costs the average solo commuter nearly $1,700 just to get to work. By contrast, the average public transport fare is $14 per 100 miles."

If we are to ever break out of the current transportation mess, a policy overhaul will be needed. Lowe suggests that the surest way to lessen over-dependence on cars is to force drivers to bear more of the true costs of driving: "So long as automobile owners are showered with inducemrents, such as free parking and government-subsidized roads, they will stay in their cars, leaving trains, buses and bike paths empty. This is a vicious cycle, since planners are unlikely to invest in transport alternatives when existing systems are underutilized."

Here are a few suggestions that would help overhaul our current policy:

1. Bring to light the hidden costs of driving -- such as air pollution, municipal services (such as police and ambulance services), road construction and repair, and employer-provided free parking (a tax-free fringe benefit).

2. Increase the gasoline tax at least $1 per gallon, making drivers pay more of the costs they impose on society. Increasing taxes on new cars and annual registration fees also makes sense, especially if these taxes and fees are based on such things as emissions and/or fuel efficiency. Some of these revenues should be dedicated to public transport, cycling and even pedestrian facilities.

- more -

3. Effective land-use planning is a key to a viable new transportation system. Cooperative approaches between municipalities and private land developers could be made to work for public transit just as it has been made to work against it. Zoning and financial incentives can be used to cluster homes, jobs, and services along public transport corridors.

The biggest obstacle to rethinking our transportation is overcoming the powerful road lobbies made up of the oil companies, car makers, highway builders, land developers and other interests that pressure government to favor the automobile. That power is no place more evident than with the proposed highway extension and new bridge to carry Page Avenue in western St. Louis County across the Missouri River into St. Charles County.

You have probably already heard about this project from some of the elected officials appearing before you today. It is a classic highway planning boondoggle -- it is being offered as a solution to the rush hour gridlock of traffic trying to move between these two counties. Yet, even the state highway department admits in the DEIS issued last summer that traffic levels on the new route will quickly exceed capacity without abating the jams on the existing two major commute routes (Interstates 64 and 70) or another new bridge further north (Route 115).

With the new census figures in, the St. Louis SMSA has essentially the same population it did 20 years ago -- except now it has sprawled out to the edges of the metro area with St. Charles County experiencing the most rapid growth. So, we are now being asked to subsidize more and more infrastructure for the same number of people while services in the central city and older suburbs continue to deteriorate. St. Charles County has no public transport, nor will they ever get any as long as federal and state taxes continue to support its dependence on the automobile. Our state highway department refuses to seriously look at such things as HOV lanes on the present bridges and roads.

This Page Avenue project will have serious social consequences and tremendous environmental impacts. It will bisect a major county park developed with federal funds, it will destroy directly or indirectly valuable wetlands, lead to the loss of prime farm land and development of floodplains, contribute to the air pollution of a non-attainment area -- and only stimulate more traffic congestion. It should not surprise you to learn that this project (in its present alignment) is opposed by both the U. S. Department of the Interior and the Missouri Department of Natural Resources. Every environmental group in the St. Louis area has spoken out against this project, and most are already committed to exhaust every remedy available to us stop this absurdity.

From a national point of view, Page Avenue is just one of many such projects -- designed by a planning mentality that is decades behind in its thinking, funded by a government locked into an outmoded transportation policy, and spurred on by a rapacious road lobby. But, if this Subcommittee wants to examine our transportation priorities in a microcosm, no better bad example could be found.

Thank you for the opportunity to address you toady.

STATEMENT BY
HON. VINCENT C. SCHOEMEHL, JR.
BEFORE THE
HOUSE PUBLIC WORKS SURFACE TRANSPORTATION SUBCOMMITTEE
MARCH 1, 1991

Mr. Chairman, members of the Committee, thank you very much for the invitation to appear before you today. It is a pleasure to welcome you to St. Louis, and I want to express my appreciation to you and to Congressman Gephardt for arranging this field hearing. St. Louis, already well-known as the Gateway to the West, is in fact the crossroads for much of the nation's transportation system. Continued reinvestment, renewal and modernization of that system are critical to the economic health of our region and to the nation as a whole.

Therefore, we are vitally interested in the federal programs and policies relating to our surface transportation infrastructure and operations. While we are still in the process of completing a comprehensive evaluation of the very recently released Bush Administration proposal, we already have numerous comments and concerns about it based on our work so far. These are included in my written testimony, submitted in advance to your Committee. Most may be summarized, however, into several broad categories, which I will take just a few minutes to highlight this morning.

We do not believe that the Administration proposal truly provides either a "new vision for the coming generation of surface transportation" (as stated recently by Secretary Skinner) or

adequate and equitable funding to carry it out. Rather, it fosters and in many cases exacerbates inequities in programming and funding among surface modes and between urban and rural areas. Further, it appears in many instances to be completely inconsistent with national goals recently established under the new Clean Air Act and with a thoughtful and reasonable national energy policy.

Examples include the much-vaunted new "flexibility" in highway and transit programs. While funding for both transit programs and the proposed Urban/Rural program may in theory be allocated for either highway or transit needs, both programs are underfunded. The bulk of federal funding will go to the proposed "National Highway System", where most funds will not be transferable and where federal financial participation will be significantly higher. Amtrak's rail passenger system, an increasingly important means of intercity travel in some of the nation's most congested travel corridors, will suffer significant funding reductions. Federal participation in Amtrak's popular 403(b) program would be eliminated altogether, at a time when ridership is steadily increasing and costs are steadily diminishing. Without 403(b), St. Louis will lose train service twice daily to Kansas City and twice daily to Chicago. At a time when the Persian Gulf crisis has demonstrated to every American the importance of achieving energy independence, this assault on energy-efficient, environmentally-sound rail service seems particularly short-sighted.

Public transportation in larger metropolitan areas like St. Louis is once again under attack--another example of the program's inequities and inconsistencies with energy and environmental policies. The elimination of federal operating assistance for metropolitan areas of over one million population, the reduction in federal share for capital projects--especially for new rail starts--and the closing off of general revenue for public transportation expenditures are simply unacceptable. While overall levels of authorization are slightly increased, the thinking behind the "planned obsolescence", if you will, of these funding levels at the end of five years leaves us deeply troubled about the real nature of the federal commitment to public transportation in urban areas.

We hope that you will examine closely the ways in which project priorities will be set and funding allocations made under the proposed Urban/Rural program, which will consolidate a number of today's separate categories. It is difficult to imagine that anything will be gained by pitting a state's urban and rural areas against one another in a competition for scarce funds. Rather, the program should provide a proper framework within which all parties may participate in the development of comprehensive state-wide plans. As part of the program framework, we strongly urge the Committee to go beyond the Administration's loose language about "fair and equitable" allocations and establish standards for allocation between rural

and urban projects and for substate/regional areas. We further urge the Committee to increase the federal share for the Urban/Rural program to 75% and to continue the rail/highway crossing safety program.

We share Secretary Skinner's conviction that the competitiveness of the U.S. economy in the global marketplace is linked to the efficiency of our transportation system. In this regard, however, it appears to us that under the Administration proposal, our nation will continue to fall behind in providing for high-speed ground transportation. While the Europeans and Japanese are implementing increasingly fast, efficient, comfortable systems, this legislation provides only minimal research dollars for a single technology, magnetic levitation. We should by all means increase our R & D commitment to maglev. In addition, however, we should be providing funds for actual applications of high-speed ground transportation systems in selected travel corridors across the country. Such a program will address a variety of important national goals--energy efficiency, environmental quality, alleviation of airway and roadway congestion, and job creation.

Before I conclude, let me mention just a few of the critically important transportation projects vital to our community over the next five years. You are aware, I am sure, of our commitment to expand and modernize Lambert-St. Louis

International Airport, at a cost of approximately $1.3 billion. The process to carry out this program is well underway. In order for us to stay on target, we need your help with rerouting and depressing Lindbergh Boulevard, allowing for a new runway and associated taxi-ways to be located on top. The cost for this project is $20 million, with a federal share estimated at 75%, or $15 million. Also critical to Lambert's expansion is the relocation of a half-mile section of Interstate 70 to make room for the clear zone of a second runway and new terminal facilities. The cost for this relocation will be approximately $28 million, with a federal share of $22 million. The airport itself will be covering another $45 million in costs associated with this I-70 relocation.

I mentioned our very serious Mississippi River Bridge capacity problems earlier in my testimony. Most urgent for us at present is the need to resurface the Eads Bridge, a National Historic Landmark. Funding for rehabilitation of the bridge structure and its rail deck is already committed as part of the St. Louis Area Metro Link light rail transit project, and work will begin late this spring. Major cost savings in rehabilitating the automobile deck above can be realized if the work can be timed to coincide with the planned light rail construction, and costly future interference with rail transit operations can be avoided. We estimate the cost of this important multi-modal project at about $15 million.

Last, let me commend to you our proposed multi-modal station project, which will provide at long last a permanent home for Amtrak in downtown St. Louis and allow, for the first time, direct interface among Amtrak, light rail urban transit, and Greyhound intercity bus service. This proposed St. Louis Regional Transportation Center will also allow travelers to access numerous city bus lines, park on the downtown periphery and reach locations in the core via light rail transit, and travel directly to Lambert-St. Louis International Airport by light rail transit. In addition, a nearly-completed FAA study assessing the need for and feasibility of a downtown heliport has identified the site as ideal for such a purpose. The facility will include a complete range of support concessions as well. We hope that you and your colleagues will agree that this proposal provides an excellent example of the benefits of intermodalism and that it is worthy of federal support.

Again, my sincere thanks for coming to St. Louis and inviting me to address you today.

ADDITIONAL COMMENTS

The following items are, in some cases, further elaboration of issues raised in my oral testimony. In other instances, they deal with issues omitted from my oral testimony solely in the interest of time.

1. Bridge Program

We strongly support the continuation of the bridge program, both formula and discretionary. As you may be aware, our bridges here in the State of Missouri are rated worst in the nation. In general we agree with the intent of the Administration proposal to place a higher priority on bridge replacement and rehabilitation. Especially because our bridges are so poorly rated, however, there are a number of instances where new bridge construction, especially in urban areas, is absolutely required, and we would like to see such projects made eligible under this program.

2. National Highway System

As may be inferred from my oral testimony, we are very concerned about the dearth of National Highway System mileage allocated to the City of Saint Louis. Not only additional Mississippi River bridges, but several high-capacity routes within the City limits should qualify as of national significance. The funding focus on the National System makes additions for the City all the more important.

Modal funding flexibility should be a part of the National Highway System program. A progressive approach to providing capacity in the nation's densely traveled corridors should include and encourage the option of instituting or expanding rail service, whether conventional or high-speed. Additional incentives should be provided for transportation systems management applications, such as high-occupancy vehicle lanes, on those portions of the system serving a large volume of urban/suburban commuters.

3. Mass Transportation

Local shares for capital grants should be held at today's levels. Urban transit authorities are reeling under the impact of recent drastic diesel fuel price increases. The recently-enacted Americans with Disabilities Act is resulting in cost increases for transit operators. Clean Air Act requirements and sound energy policies will dictate the need to stabilize and promote our urban public transportation networks. Now is hardly the time to reduce federal support for capital investment in public transportation.

New rail starts should be promoted as part of the nation's effort to harmonize our mobility, energy and environmental goals. There is no justification for singling out new rail starts for lower levels of federal investment.

Federal operating assistance, far from being decreased, should at a minimum be held constant, and a strong case can be made for its increase. Many of the factors contributing to increased public transit operating costs may be easily traced the growing number of requirements imposed by federal law, mandating that transit operators assume increased responsibility in meeting the social and environmental goals of our society. We support these goals, but we believe that those asked to shoulder them should be given the funds they need to carry out the mission.

4. Funding Formula Allocations

We are pleased to learn that it is likely the State of Missouri will fare better on distribution of transportation tax dollars under the proposed new allocation formula. At the same time, however, we must express some reservation with the underlying "consumption" basis for it. A formula that rewards states for consuming more fuel is yet another example of how the Administration proposal is not consistent with federal law and national goals in the areas of conservation and environmental equality. As has been noted by a number of commentators, states that take steps through higher gasoline taxes, improved vehicle occupancies, improved public transportation systems, or better land use planning to reduce fuel consumption will be penalized through the loss of highway funding.

Testimony
of

Eugene C. Schwendemann
Presiding Commissioner
St. Charles County, Missouri

Before the

Subcommittee on Surface Transportation
House Public Works and Transportation Committee
U.S. House of Representatives

March 1, 1991

Before the

United States House of Representatives

House Public Works and Transportation Committee
Subcommittee on Surface Transportation

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Statement of
St. Charles County
118 North Second Street
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Hearing on Reauthorization of the Post-Interstate
Surface Transportation Programs

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Eugene C. Schwendemann
Presiding Commissioner

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March 1, 1991

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Mr. Chairman, Committee members, Committee staff, my name is Eugene C. Schwendemann. I am the Presiding Commissioner of St. Charles County, Missouri. St. Charles County is located

approximately 25 miles west of St. Louis, and has a population of approximately 212,000 residents. St. Charles County has, over the past ten years, experienced unprecedented growth and is one of the fastest growing counties in the nation.

Today many of America's cities are experiencing rapid growth, and most welcome the prosperity and the opportunities and challenges that accompany an explosion in population growth along with growth in the business sector. We believe the quality of life in St. Charles County will benefit as a result of the growth presently being experienced. However, we also believe that particular consideration should be given to developing a Post-Interstate Surface Transportation Assistance Act that will address the needs of states with rapidly growing areas, such as St. Charles County.

Specifically, rapidly growing areas such as St. Charles County would benefit from a program that would address the need to relieve gridlock traffic conditions. Traffic relief would provide for an enhanced quality of life for our residents, and would allow economic development activity in the community to continue. We believe that Interstate relievers must be a priority in the new Act.

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Furthermore, states with rapidly growing areas such as St. Charles County would benefit from a bridge program that not only allows for bridge replacements but that also would allow for the construction of new bridges.

Particular consideration, we believe, should also be given to a rural bridge program. We would like to urge that such a program be adequately funded and that Federal requirements be less stringent.

Although we are not strong advocates of Federal-aid toll authorization, we believe with the limited resources that may be available to the states, perhaps this should be an option.

We firmly believe that there must be a spend down of the surplus in the Highway Trust Fund. We are convinced that utilization of trust funds would go a long way toward addressing infrastructure needs of states and communities with various needs.

The continuation of the Revolving Fund Loan Program, we are convinced, is critically important to high growth areas seeking

to preserve corridors from development for future proposed highways. The State of Missouri has taken advantage of this program on behalf of St. Charles County. We believe the interest free program should be continued.

I understand that others will speak on the need to properly fund regional mass transit studies, capital expenditure of regional mass transit systems and operating subsidies for regional mass transit systems. St. Charles County is seeking to advance an Alternatives Analysis Light Rail Feasibility Study. If feasible, we would expect to participate as a local sponsor. However, without adequate Federal assistance advancing such a project would be difficult.

Finally, we would like to urge that Missouri receive its fair share of Federal highway funds. Under the present formula Missouri receives only approximately 85 cents back for every dollar sent to Washington, DC. We would also like to urge that any future proposals to increase the Federal gasoline tax allow for such funds to be utilized for transportation only, rather than for deficit reduction, and that there be greater flexibility in the transportation programs.

Thank you, Mr. Chairman, for the opportunity to provide testimony on behalf of programs which we are convinced will assist states such as Missouri, and high growth areas such as St. Charles County with its transportation needs.

# CITIZENS FOR MODERN TRANSIT

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Testimony

Citizens for Modern Transit
Thomas R. Shrout, Jr.
Executive Director

House Subcommittee for Surface Transportation
Chairman Norman Mineta

March 1, 1991

Mr. Chairman, members of the committee: my name is Thomas R. Shrout and I am the executive director of Citizens for Modern Transit, an organization of about 1,000 businesses, labor unions, educators, and concerned citizens who have worked for the establishment of a light rail system in St. Louis.

Since our formation in 1985, we have done a number of things including organizing for our membership and community leaders, tours of other cities with light rail. Mr. Chairman, among the cities we visited was San Jose' in 1987. I would like to congratulate you on the fine light rail system in San Jose'. Our trip to San Jose'--and other trips to Portland and San Diego--were instrumental in educating the citizens of St. Louis about the benefits light rail offers our city.

We have our first 18-mile light rail line under construction. And, we have identified seven additional lines that would give this two-state metropolitan region of 2.5 million people a badly needed, first class transit system that would be impossible to duplicate with unbridled road building.

Mr. Chairman, the public is wanting a balanced transportation system in this country and I fear the President's budget is behind the curve in the thinking of the American people.

Americans have demonstrated their willingness to ride modern rail transit systems, yet the President's bill discourages the building and expansion of these systems. Americans want clean air, less dependency on foreign oil, a rebirth of her cities, reduced congestion, contained urban sprawl--all benefits offered by rail transit--yet this bill promotes highway building and discourages energy-efficient Amtrak and transit.

It is imperative that the federal government maintain operating assistance for transit. We support the testimony by the Bi-State Development Agency concerning operating assistance.

I would like to briefly mention Missouri's participation in the 403 (b) program for our support of our two daily Amtrak trains between Kansas City and St. Louis. Since 1985, increased ridership and reduced AMTRAK operating costs have resulted in a reduced state subsidy of this service each year. At a time when we feel an additional train between Kansas City and St. Louis should be added and could result in an exponential increase in patronage and a further reduction in subsidy, the President is proposing to reduce the federal share in 403 (b) programs, jeopardizing the current program plus killing any chance of expanding this clean, efficient form of transportation.

On another topic, the Department of Transportation has formed and inter-modal task force, but there appears to be nothing in the act to assist local and state government in implementing this worthwhile strategy. I will submit separate testimony which outlines a plan for a St. Louis Inter-Modal Transportation Center that would combine a new station on our new light rail line, a sorely needed Amtrak facility, an inter-city bus depot, a parking garage peripheral to downtown, a heliport, taxi stand and city bus stop all in one facility. The center would be strategically located near two interstate highways.

The Inter-Modal Transportation Center is an excellent candidate for a demonstration project. The Center would promote ridership among all the affected modes and be a model for other cities to emulate.

Other examples where inter-modal cooperation should be considered at the federal level include the building of a new bridge across the Missouri River between St. Charles and St. Louis Counties. Federal matching funds should encourage the Page Avenue Bridge to be light rail ready to accommodate the inevitable extension of light rail into that suburban community. Likewise, federal support of highway capacity increases in the region should provide for both highway and future light rail right-of-way acquisition.

In closing we would hope that the Congress would substantially rewrite this bill and in doing so embrace a set of principals about which we believe there is broad agreement in this country. Those principles are: reduced dependency on foreign oil; increased support for transportation modes that help cities achieve clean air goals; reduced congestion; and an enhanced quality of life through increased access to jobs, housing, safety, and community and neighborhood revitalization.

Thank you, Mr. Chairman for this opportunity to share these thoughts.

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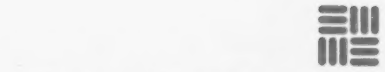

# East-West Gateway Coordinating Council

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of Administration

Steven D. McClure
Illinois Department of
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REGIONAL CITIZENS
Dr. James R. Buck
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Debra H. Moore
David M. Witter

EXECUTIVE DIRECTOR
Les Sterman

Testimony of

Les Sterman, Executive Director

East-West Gateway Coordinating Council

St. Louis, Missouri-Illinois

before the

Subcommittee on Surface Transportation

Committee on Public Works

United States House of Representatives

March 1, 1991

St. Louis, Missouri

TESTIMONY OF LES STERMAN,
EXECUTIVE DIRECTOR, EAST-WEST GATEWAY COORDINATING COUNCIL

BEFORE THE HOUSE PUBLIC WORKS COMMITTEE
SURFACE TRANSPORTATION SUBCOMMITTEE

ST. LOUIS, MISSOURI
MARCH 1, 1991

Mr. Chairman and members of the committee. My name is Les Sterman. I am Executive Director of the East-West Gateway Coordinating Council. East-West Gateway is the Council of Governments and Metropolitan Planning Organization for the St. Louis, Missouri-Illinois Metropolitan Region.

As a region known as the "Gateway to the West" and one of the nation's primary transportation hubs, federal transportation policy is of critical importance to the St. Louis economy. As a region faced with growing traffic congestion, increasing travel costs, substandard air quality and declining mobility for the poor, elderly and handicapped we are typical of many major metropolitan regions. The issues raised in my testimony will likely be echoed in some form in urban areas across the nation.

The importance of the metropolitan regions to the nation's economy has been well documented. Fully 77 percent of the country's population and 79 percent of all jobs are located in metropolitan areas. The health of the U.S. economy is directly related to the prosperity of these urban centers.

The economic health of the country's urban areas is not a purely local matter. The federal government should be a reliable partner in providing both adequate financial resources and consistent policies which will lead to cost-effective transportation investments and rational economic growth in metropolitan areas. We feel that the Administration's National Transportation Policy and the recently proposed surface transportation reauthorization bill, while striking many of the right themes and offering the hope of greater funding, effectively diminish the federal commitment to the nation's large metropolitan regions. While the increases in funding for the program are significant -- nearly 40% -- over five years, the vast majority of those

funds will be spent on a national highway system that is focused on inter-urban, intra-state and interstate travel.

We favor a federal transportation program which implicitly recognizes the critical role of metropolitan regions and allows local governments full and meaningful participation in decision-making and an equitable share of available funds. The Administration's proposed transportation reauthorization bill falls considerably short of this goal. The consolidation of urban and rural programs, the increased local cost shares, the lack of substate funding allocations, the elimination of transit operating funds, and the diminished role of local officials in decision-making, all conspire to put large urban areas at great disadvantage. The non-uniform matching ratios will perpetuate or exaggerate the biases and inequities in existing transportation programs. Further, the policies implied by this proposed legislation are inconsistent with sound energy policy and rational approaches to the increasing problems of urban traffic congestion, mobility and clean air.

The bill does not promote balance between modes, nor equity in the federal-state-local partnership. It represents a disinvestment in the nation's transit systems at a time when transit will be increasingly important in meeting critical national and local goals and it relegates local officials to the sidelines when they are being asked to shoulder a greater share of the financial burden of building highways and operating transit systems.

As the Committee reviews the Administration bill and develops its own proposal, we would ask that the following provisions be considered:

1. Allocations of highway funds between states should be equitable but not based on consumption factors such as vehicle-miles of travel. We particularly support the efforts of the state of Missouri to increase its allocation, but this should be done in a way which does not penalize energy conservation efforts.

2. Provide separate, non-competing, urban and rural highway programs.

3. Consolidate existing categorical highway programs into four formula programs: Interstate Preservation; Strategic Metropolitan Program; Rural/Interregional

Program; and Bridge Program (including both repair and new bridges for congestion relief).

4. Provide equitable allocation of funds to metropolitan areas through a formula or through assured, equitable, substate distributions.

5. Other than for the Interstate System, equalize the local share requirement across all highway and transit capital programs to encourage balance among modes, between geographic areas and across program types.

6. Plans developed at the metropolitan level and adopted by local officials acting through a Metropolitan Planning Organization (such as a "Congestion Management Plan," or transportation control measures to improve air quality) should drive project initiation and funding decisions.

7. Provide for the continuation of transit operating assistance, bus capital assistance and new-start rail projects. Because the transit program will contribute to meeting other national goals such as clean air, it should not be entirely trust fund financed.

8. Provide equivalent crossmodal funding capability to both the highway and transit programs.

We fully understand the need for this legislation to address many competing interests and needs. Even with increased funding, federal transportation programs will fall far short of meeting accelerating local needs. Local officials are under great pressure to accommodate growing highway congestion, tightening transit operating budgets, an increasing number of national policies and local interests with fewer dollars to spend. As the Committee crafts this legislation, we can only ask that all programs be subject to tests of balance, equity and consistency. We ask that there be balance among modes and programs, equity among states, rural and metropolitan areas, and consistency among policies and programs.

Thank you, Mr. Chairman, for allowing us to offer these views.

**STATEMENT**
**ON**
**SURFACE TRANSPORTATION ASSISTANCE ACT OF 1991**
**BEFORE THE**
**SUBCOMMITTEE ON SURFACE TRANSPORTATION**
**BY**
**BOB SWEARINGEN**
**VICE CHAIRMAN, TRANSPORTATION**
**ST. LOUIS REGIONAL COMMERCE AND GROWTH ASSOCIATION**

March 1, 1991

Mr. Chairman, committee members, ladies and gentlemen, my name is Bob Swearingen, President of Maritz Travel and I am here on behalf of the St. Louis Regional Commerce and Growth Association, also known as the RCGA.

The RCGA is a not-for-profit membership organization representing the St. Louis Metropolitan region: The City of St. Louis, The Missouri counties of St. Louis, St. Charles, Franklin and Jefferson and the Illinois counties of St. Clair, Madison, Monroe, Clinton and Jersey. The RCGA promotes the economic welfare and quality of life of its community. The RCGA membership consists of 4,700 members, which includes labor and businesses, small and large, and through cooperation seeks more jobs and increased prosperity for the region's 2.4 million residents. Transportation is a vital element to the success of our region's economy.

I would personally like to thank all of you for coming to St. Louis and giving us the opportunity to discuss what we feel are important factors concerning transportation for the St. Louis region. My comments will not only be directed towards the St. Louis region but will also be aimed at other metropolitan areas across the country.

I commend the Administration for its efforts in redefining the needs of surface transportation. Our country's needs concerning transportation have changed over the last five years and will continue to change, as roads continue to deteriorate; bridges are not safe to travel over and congestion in urban areas causes more pollution and traffic delays.

Transportation is a vital element to not only our region's economy but our nation's economy. The State of Missouri is unique because of its location directly in the middle of our great country. What this means though, is if you are using surface transportation going from the west to the east or vice versa, there is a good likelihood that you may travel through St. Louis. Likewise, if you are going from the north to the south or vice versa, you will also travel through St. Louis. Maintenance of our highways and bridges is of vital importance to our nation. Unfortunately, the current funding formula does not reflect Missouri's needs. In fact, Missouri has been a loser for quite a few years. For every dollar we send to Washington, we get less than 85 cents back. The RCGA commends and supports the Federal Highway Administration's proposed new formula, which bases fund distribution on the following points: 10 percent for land area; 20 percent for public roads; and 70 percent for number of gallons of motor fuel taxed. The new formula does and must consider the amount of miles driven or likewise, the number of gallons of motor fuel taxed within that state. Missouri ranks 4th nationally in the

amount of miles driven within the state and yet under the current formula, we are a minimal allocation state. The State of Missouri has been a loser and it is time now for our federal government to make a committment to maintain our current infrastructure. Again, the RCGA commends the Administration's proposed new funding formula and we would encourage this committee's support. It is important that Missouri and Illinois receive its fair share.

The RCGA would like to see the continuation of the use of funding from the general fund for transportation needs. The user's tax is great in theory but everyone benefits from a good transportation system, not just those individuals who use surface transportation. After all, the United States mail system is a direct result of a good surface transportation system. The RCGA encourages the committee's support to leave the flexibility of using the general fund upon all elected officials in Congress.

The RCGA has some serious concerns over the Administration's proposed reduction of the federal share on "new start" rail projects and the reduction of the federal share towards capital projects. The RCGA agrees with Secretary Skinner's comments in his letter dated February 13, 1991, to Vice President Dan Quayle concerning the draft of this bill. Secretary Skinner says "The biggest challenge for transportation in the

coming decade is to provide adequate resources to maintain and improve national infrastructure and to expend these resources for maximum benefit." Secretary Skinner goes on to say " We must provide flexibility in our Federal Transportation programs to allow State and local governments to make more efficient use of scarce resources and make environmentally sound transportation decisions." Reducing the federal governments financial support on capitol projects and "new start" rail projects inhibits the states flexibility and could cause the proposed project to be financially not feasible. The St. Louis region desperately needs a new bridge over the Mississippi River for transportation to and from Missouri and Illinois. This new bridge would help alieviate congestion problems and traffic delays and would be a very environmentally sound transportation decision. The RCGA is also developing other environmentally sound programs. St. Louisians want clean air, and to be less dependent on foreign oil. We are fortunate to have begun the development of our first 18 miles of light rail. Unfortunately, the proposed matching ratio for any new extension to light rail would be a 50 percent match.

The Missouri Highway and Transportation Department's 10-year Unfunded Needs Study has outlined $5.8 billion in highway work that needs to be done, but for which there is no money. With these unfunded highway needs and a proposed 50 percent match by the federal government for "new start"

rail projects.... light rail and public transit will be doomed before we reach the next century.

Public transit has played a vital role in transportation for urban areas and will continue to play even a more essential role as communities try to deal with congestion, lack of parking spaces, and pollution. The Administration's proposal to eliminate operating assistance for populations over 1 million would have a negative affect on public transit in St. Louis. The RCGA encourages this committee to look favorably upon continue operating assistance for all public transit.

Mr. Chairman, members of the committee, you have been very kind in giving the RCGA the opportunity to express our feelings on surface transportation. You all have a very important responsibility ahead of you. The United States successes economically, are a direct result of our good transportation system you have provided us. I wish you well as you prepare us for the next century. If anyone has any questions, I would be happy to address them. Again, thank you very much.

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Missouri State Representative Larry Thomason, 163rd District representing parts of Dunklin and Butler Counties.

Prior to becoming a state representative I spent six years as a director of the Kennett Chamber of Commerce. In that position my primary responsibility was as an economic developer for the area.

I am here today to bring to your attention Federal Highway 412. This highway begins in Jackson, Tennessee, crosses the Missouri Bootheel and continues to Walnut Ridge, Arkansas. Currently the section in Tennessee has been upgraded to an improved four-lane for approximately one-third of its length. The remaining two-thirds is either under construction or in the bidding phase. In Arkansas, upgrading to improved four-lane is in the planning stage for the section between the Missouri state line and the city of Paragould. The upgrading of the remaing portion is in the study phase.

This highway crosses the Mississippi River on a modern, four-lane bridge. The first eight miles of this route is a four-lane section, which links with Interstate 55. Highway 412 is the major East-West link connecting Interstates 40 and 55 and Highways 51 and 30 which are improved four-lane highways.

Highway 412 is important to the area for many reasons.

First, it crosses the Mississippi Delta which has the highest concentration of poverty in the United States. Many in the Delta are working hard to bring new jobs and opportunity to the area but are hampered in their efforts because of lack of adequate transportation access. Industry, when surveyed, list access to a four-lane highway as the most important criteria in choosing an expansion location. More parochially, existing industry in the Bootheel explain they are more likely to expand their current operations if transportation were improved. The way to solve the poverty problem in the Delta is not through transfer payments or other

government handouts. The way to solve the poverty problem is through providing increased job opportunities. Improving Highway 412 would be a major tool in providing new jobs.

There are several other reasons for improving this roadway, but I would like to mention what I consider to be the least obvious but possibly the most important. The Bootheel is an area awaiting a disaster. Buried beneath our fertile soil lies the New Madrid Fault. This fault has produced the most destructive earthquakes on record in North America. Specialists tell us there is a 50/50 probability of a major quake in the next 20 years. Preparation for this event is vitally important to the residents of the Northern Mississippi Delta. Many states have initiated programs to help with earthquake mitigation. Even with all this preparation many lives will be lost and a great many others will be injured or left homeless. Being able to initiate a rapid response following a seismic event will save many lives and relieve much suffering. Highway 412 could provide an invaluable artery to speed relief into the area. The bridge spanning the Mississippi was constructed to withstand all but the most violent of earthquakes. Improving this route to a four-lane roadway would ensure the other bridges and overpasses would survive and allow needed relief to readily gain access to the area.

I urge you to give every consideration to this vital link spanning the Northern Mississippi Delta.

# HIGHWAY 412 CORRIDOR



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EMERSON

MOTOR DIVISION

February 27, 1991

To Whom It May Concern:

The Emerson Motor Plant of Emerson Electric Company, Kennett, Missouri, is very much interested and in favor of the proposed improvements of Highway 412 through our area.

Many Emerson Motor facilities, along with a Motor Distribution Center, are located near Highway 412 and Emerson truck traffic tends to be very heavy on this route on a daily basis. These trucks move raw material and completed motors from plant to plant and to the distribution center located in Kennett.

We believe any improvements in accessibility to these locations will enhance customer delivery and reduce many forms of traffic cost which is so vital to companies like Emerson Electric who are competing in a tough global market.

Gary Scranton
Plant Manager

EMERSON ELECTRIC CO.
P.O. BOX 736
KENNETT, MISSOURI 63857
(314) 888-4581

UARCO

Business Forms

Gentlemen:

UARCO is a major shipper of freight in the Northeast. As a major shipper, any improvement in highway conditions, accessability to the plant, or better traffic patterns would benefit our operation.

Our business generates:

- Over 1800 full truckload shipments annually (72 million pounds of freight)
- Over 430 LTL shipments annually (19 million pounds of freight)
- 30,000 lbs. per month to UPS (we are told we are the largest customer for UPS in the Northeast)

All transportation costs are influenced by better fuel mileage, fewer stops, tire costs, etc.; which would lower operating costs with a 4 lane road improvement.

That would allow UARCO to lower its transportation costs by leveraging carriers to lower their freight rates.

Quite often we have difficulty getting freight carriers to come to Kennett because of factors like poor accessability to Kennett.

Many of our customers have their own freight system. To come to Kennett to pick up freight they must pay Missouri use tax. We hear complaints about the poor conditions of the two lane roads to Kennett.

Yours very truly,

Larry A. Stanton
Plant Manager

Parker Automotive

February 27, 1991

Parker Hannifin Corporation
Automotive Connectors Division
Highway E.
Kennett, MO 63857
Phone: (314) 888-8018

Mr. Larry Thomason
State Representative
State Capital
Room 412-C
Jefferson City, MO 65101

Dear Larry,

I would like to add my support to the efforts being made to upgrade Highway 412 to four lanes.

Our Plant and Division operations are 100% automotive industry related and all of our materials are received by truck and all finished products are shipped by truck. We have excellent north/south distribution by Interstate 55 and a similar east/west capability would be a big help to us. In addition, this area is strategically located to be a major player as an automotive industry supplier center.

This could be a dramatic opportunity for industrial development for this entire region of the state.

Again, I support your efforts, and if I can be of further help, please do not hesitate to call.

L. G. Granger
Plant Manager

LGG/tb

SUBCOMMITTEE ON SURFACE TRANSPORTATION

REGIONAL FIELD HEARING, CRESTWOOD, MISSOURI, MARCH 1, 1991

REAUTHORIZATION OF THE POST-INTERSTATE SURFACE TRANSPORTATION PROGRAM

Testimony submitted by Laurel R. Thompson

Immediate past president, West Plains, Missouri Industrial Development Corporation
Chairman, Transportation and Economic Development Committee, Greater West Plains Area Chamber of Commerce
Vice-President and Manager, KWPM, Inc., operating radio stations KWPM (AM) and KSPQ (FM), West Plains, Missouri, and KGAR (FM), Willow Springs, Missouri

We welcome the opportunity to present testimony to this subcommittee in support of current proposals relating to the reauthorization of federal post-interstate surface transportation program. We particularly support the conception that now is the time to address the urgent needs of segments of our highway system referred to as "nationally significant" routes. From the first interstate legislation to the present time, the Heart of the Ozarks of south central Missouri and north-central Arkansas has been completely bypassed by the system. It probably is no mere coincidence that our area has, during that same period, struggled with high unemployment and depressingly low family income. However, even without a modern dual lane highway within the area, the Greater West Plains Community has managed to break out of the "depressed" mold with unprecedented growth and development, particularly during the past decade.

A major factor has been one of those "nationally significant" routes. U. S. Highway 63 has continued to serve as a major part of the truckers route of choice between Kansas City and areas north and west, to Memphis, Birmingham and points south and east. Even though this northwest-southeast corridor has long been talked about, and the affected states have attempted to treat the most urgent needs, needed federal priorities, coordination and planning have not been present. Even so, only two major areas still need to upgrade to four lanes to accomplish this important diagonal link-up of at least four major north-south and east-west interstates. Parts of Highway 7, from Harrisonville, Missouri, to Clinton, and much of Highway 13, Clinton to Bolivar, need the upgrade, as does U. S. 63 from Willow Springs, Missouri, to Jonesboro, Arkansas.

We feel the much faster-than-predicted growth of traffic loads along this entire route, as inadequate as some of it is, is well documented by Missouri traffic studies. Likewise, the mushrooming of tourist travel and rapid proliferation and development of a variety of light to medium industry in South-Central Missouri and North Arkansas is adding greatly to already dangerous traffic overload problems. These overloads are particularly explosive and dangerous along a twenty mile portion of U. S. 63 between Willow Springs and West Plains in Howell County, Missouri. We have studied this situation very closely over the past 3 or 4 years, and our problems continue to escalate far beyond the most liberal predictions. The combination of unexpected heavy traffic loads, traffic types, terrain and topography provide a dangerous combination of factors not really present in any other two-lane highways we have found. Twenty-eight percent of vehicles are heavy trucks; thirty-four percent of Highway 63 between Willow Springs and West Plains is yellow-striped no-passing zones; and in much of the area where passing is legal, the short distance available, traffic load and congestion, prohibit it. This results in dangerously "stacked traffic", with locals realizing that passing attempts are chancy, at best, and nonproductive; but drivers from out of the area become impatient and problems result. While tourism is increasing and does contribute a share of the load, the overwhelming bulk is consistent work-a-day traffic. Area industry has shown explosive growth during the past four years, health care traffic is growing even faster with Ozarks Medical Center at West Plains seeing utilization growth as high as thirty-seven percent during just one of those years; rapid expansion of several area wood products industries, including Bruce Hardwood Flooring with more than two hundred new jobs, has increased heavy, slow traffic immensely; Southwest Mobile Systems, a defense contractor is into two major expansions - two huge defense contracts involving a lot of heavy truck movements and 550, or more, new jobs; Safeway Charcoal, south of West Plains, reports that the present Burlington Northern piggyback policy has greatly increased the number of Safeway trucks to Springfield; every Tuesday, the Ozarks Regional Stockyards north of West Plains sees an average of four thousand cattle coming into and out of the yards, many utilizing 63 North - all in heavy, slow moving trucks and trailers, both coming and going. We are also seeing the probability of major expansion in poultry processing in West Plains, that almost certainly will have a tremendous impact on ag traffic over a thirty-five mile radius within two to five years.

The Farm Bureau has recognized the tremendous new pressures on agriculture related transport created by the Highway 63 bottle-neck between Willow Springs and West Plains, and urges expeditious planning for four lane development of that entire twenty mile section of Highway 63. The hazardous results of mixing farm equipment movements with the current traffic load are obvious.

Another compounding factor, major new development at the ODC Industrial Park area north of Pomona, about midway between West Plains and Willow Springs, appear likely. Pepsi Cola has moved their area distribution center to the park near the airport with all their trucks headquartered there. Discussions are on-going with two high tech firms interested in moving in our direction. The two companies are involved with converting wood waste to energy, alternate fuels, and systems to improve our ecology. They are interested in up to a total of three hundred acres north of Pomona with projected new employment of up to three hundred people and good highway access a major prerequisite.

Local retail sales reflect the rapid expansion of travel in this area with sales increases from 1986 to 1988 of over fifteen percent; 1989 saw an increase of 9.6 percent over 1988, and 1990 increasing at a whopping 11.5 percent over 1989's booming growth. Area employment is at an all time high with unemployment at new lows.

During last summer, our unemployment rate dropped to as low as 4.9 percent, and still was only 6.1 percent in January of this year. We are seeing people regularly driving to West Plains to shop and daily commuters to work from more than a fifty mile radius -- all on single lane roads. Fall enrollment at Southwest Missouri State University - West Plains Campus was up twenty-seven percent over 1989's record high. Spring enrollment showed similar growth. This is a totally mobile commuting student body, driving to West Plains from every direction. Even more growth is indicated in various Vo-Tech and nursing programs in West Plains, as the various training programs attempt to keep up with job growth opportunities.

We, of course, welcome this healthy growth, but recent traffic accident information provided this week by the Missouri State Highway Patrol paints a frightening scenario. While very recently, we have been fortunate as far as fatalities on this particular stretch of highway are concerned, emergency medical people tell us the accidents on Highway 63 between Willow Springs and West Plains generally produce major trauma - much worse than average - because they all involve highway speeds. The Highway Patrol report shows that we had twenty-five percent more personal injury accidents in 1989 than we saw in 1988. And, at least two recent accidents involved school busses, either of which could have been a major disaster of intolerable proportions. Our area emergency vehicles have had a great deal of difficulty with traffic congestion from Highway 60 south to West Plains, and the heavy utilization of this highway by a number of the CMC medical staff, often in emergency situations, has generated great concern within the medical community.

This year, the schools along this portion of U. S. 63 have a total of thirty-eight busses moving on or across U. S. 63 twice each day. Willow Springs' thirteen busses include one route that crosses U. S. 63 five times each morning and five times each afternoon.

Another of their busses, twice daily, crosses an intersection where a Missouri State Trooper was killed a few years ago making a turn on U. S. 63 while visibility was partially restricted. Richards Rural Elementary School has eight busses working along and across U. S. 63 north of West Plains, and the West Plains R-7 District busses cross this congested highway seventeen times, twice daily. Assuming an average of thirty to forty students per bus, these movements constitute an unacceptable risk factor for tragedy.

We understand that statistics show that dual lane roads are eight times safer than two-way traffic, and we feel the topography on this twenty mile stretch of Highway 63 could well make that ratio even more lop sided. By 1988, traffic loads had mushroomed to far exceed all design standards for the entire twenty-plus miles. Now, the Missouri Highway Department traffic count numbers indicate a ten to twelve percent increase in traffic between Willow Springs and West Plains between 1988 and 1989; and all indications are that growth is still exploding. The lowest twenty-four hour traffic count along that route in 1990 was 6224, and ranges up to a high of 16,179 movements per day just north of West Plains. Missouri has plans to address the most urgent needs just north of West Plains, but at least half of the twenty plus miles, plus a critical railroad crossing problem at Pomona, is all in the "unfunded ten year study".

Clearly, our states must come up with additional revenues simply to hope to keep up with our deteriorating intrastructure, but to help our U. S. 63 immediate needs and other badly needed upgrades, we would hope that we might find some faster, even immediate federal help with the new surface transportation program and more equitable distribution of funds back to Missouri.

The people in our area have worked very hard to pull our area out of the "economically depressed" column, only to have their efforts and resultant success threatened by the stifling effect of twenty miles of outdated, horribly overloaded and dangerous highway. Our needs and growth figures are not speculative -- the area growth has already pushed highway usage on U. S. 63 between Willow Springs and West Plains to at least 165 percent of maximum planned capacity at points of lightest traffic, and at the heaviest point, to more than 323 percent of planned maximum capacity. We're perched on a powder keg with a short fuse, and plead for help in our search for ways to avert disaster.

We must generate funds. We must re-think some priorities. Dollars are expendable, but the tragic potentials in LOST human lives and suffering must be addressed.

In addition to the positive proposals for the new federal program, getting the Highway Trust Fund off budget and some congressional dedication to addressing the federal deficit without using highway users' taxes, would go a long way toward meeting our nation's major transportation needs.

We thank you for the opportunity to present testimony to this subcommittee, and will be happy to answer any questions you may have.

TO: BOB HOLDEN

FROM: LEE BROTHERTON

HERE'S WHAT I'VE COME UP WITH BOB. PLEASE LET ME KNOW WHAT YOUR WASHINGTON FOLKS THINK. THANKS!

LEE

THIS IS PAGE 1 OF 3

DRAFT REMARKS BY BUZZ WESTFALL ON HIGHWAY AND TRANSIT REAUTHORIZATION

Mr. Chairman, members of the Committee. My name is Buzz Westfall. I am County Executive for St. Louis County. I want to thank you for holding this hearing in our region and for giving us the chance to express our views as you consider the current transportation reauthorization bill.

I will briefly outline my concerns about the policy recently suggested by the national administration and the impact it will have on St. Louis County and the St. Louis region in general.

The county I represent has a population of approximately one million and covers 500 square miles. Obviously, a jurisdiction of that size and population has significant transportation needs. In the past, we have met those needs in large part because of the partnership between local, state and federal government. That partnership has enabled us to build roads and bridges which not only allow our citizens to move about the county, but it has spurred invaluable economic development for us too.

I am concerned that reducing federal participation on rural and

urban highways from 75% to 60% places a new financial burden on local government at a time when we simply do not have the resources to make up for the loss. If this policy is implemented some road and bridge needs in my county will go unmet which will compound the problems we already face with aging infrastructure. In short, St. Louis County would suffer if the federal government retreats from its commitment to local transportation needs.

While I have no quarrel with the idea of addressing the needs of the national highway system, I believe that local urban and suburban transportation needs must not be abandoned at the federal level. For example, in south St. Louis County, which is represented by your colleague Dick Gephardt, Interstate 255 has helped development and dramatic population growth has occurred. Consequently, the strain on our county road system has also increased dramatically; particularly at I-255 and Telegraph Road. Shouldn't the federal government assist us in dealing with this problem directly related to the federal interstate highway?

My fear is that the reduction in federal participation today may be signaling federal abandonment of local needs in the next few years. The consequences for St. Louis County and the region would be terrible. St. Louis County and other area governments have designed their future road and bridge plans based on a consistent federal commitment. As you know, it is difficult enough to address critical transportation needs now, but reducing the federal role will make it worse. Along those same lines, I am also concerned

that local government is given a place at the decision-making table. We need to have a voice in determining transportation priorities. I would respectfully request that as your work on this legislation proceeds you maintain the consistency of federal policy in this area.

Another concern of mine has to do with mass transit. I'm sure you will hear from others about our regional efforts to establish metro-link. Any retreat on the part of the federal government in this area will hinder our efforts at the establishment and successful operation of our regional light rail system. Our political, business and civic leadership has worked diligently to see the success of this project. The citizens of the region are enthusiastic in their support for light rail. I would ask that you do all you can to ensure stable and continuing federal operating funds for mass transit.

In short, as you formulate the policy decisions this bill will establish, please treat local transportation needs with equity and fairness. Make room for our voices to be heard in the process. We have participated in and benefitted from the federal/local partnership in years past. Our partnership has been productive and positive. St. Louis County and our region wants to see that partnership maintained. If given a fair shake, we can continue to do a good job for our people and our economy.

**INTERSTATE 66 PROJECT, INC.**

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BRANCH OFFICE
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Walter Wildman, Associate Director
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I would first like to express my appreciation to this committee for the opportunity to appear before you today. I am Walter Wildman and represent the Cape Girardeau Regional Commerce and Growth Association as it's Executive Director as well as the I-66 Project, Inc. as it's Associates Director.

I wish to speak to you today about a coast to coast highway project known as I-66. I want to first give the committee a brief history, an update, and then request your support for this project as it progresses through the process of the Feasibility Study.

A little over a three years ago the Highway and Transportation Committee of the R.C.G.A. was studying ways to connect the cities of Paducah, Kentucky, and Cape Girardeau, Missouri. These efforts resulted in a subsequent agreement between the states of Illinois, Kentucky, and Missouri to develop a corridor study for the connecting highway. At a later date the city of Springfield, Missouri was added to the project. The project continued to grow with the addition of more and more cities and it now spans over 2,400 miles from coast to coast.

Because the present interstate system was scheduled to be completed in 1991, and we were hearing of policy shifts in Washington concerning a new emphasis for the future, the prospects for a project, such as I-66, appeared to be timely. Thus, in April 1989, a meeting of cities and states along the proposed corridor was held in St. Louis, Missouri. The result of this meeting was the formation of the I-66 Project, Inc. The stated purpose of this group was to pursue funding for a Feasibility Study. The I-66 group approached Congressman Bill Emerson with the concept, who in turned introduced it to the Federal Highway Administration in the summer of 1989. Later that summer the services of L.E. Haefner and Associates were sought. The associates included Real Estate Analysts Limited of St. Louis and Horner & Shifrin, Inc. Both firms are nationally known for their work on such projects. In November of that same year a pre-application or working paper was produced by L.E. Haefner and Associates that was used as a centerpiece in the lobbying efforts over the next year.

Official from the R.C.G.A. and the I-66 Project, Inc. traveled to Wichita, Kansas in December of 1989 to seek that cities support as a full partner in the pursuit of funding for the Feasibility Study.

The fact that Wichita was one on the largest cities along the proposed corridor and that they had expressed an interest in this project resulted in the Kansas-Missouri partnership. This partnership lead to the formation of a Bi-Partisan Coalition in the U.S. House of Representatives between Congressman Bill Emerson (R-MO) and Congressman Dan Glickman (D-KS). Their Bi-Partisan effort, joined by many more congressmen and U.S. Senators, provided the needed leadership that guided the proposed funding of the Feasibility Study thru congress in the fall of 1990.

It is our belief that the above described process presents the best possible use of the democratic system available to us in this great nation. A group of citizens has an idea that had merit, not only locally, but nationally. It was presented to elected representatives and to the Federal Highway Administration. The resulting Bi-Partisan support, backed by a board based grass roots organization resulted in funding for a Feasibility Study. The combination of State Departments of Transportation, the Federal Highway Administration, and this grass roots organization can provide this project with a team approached that would carry the concept through the Feasibility Study and on into the next phase of the project.

Congressman Robert E. Roe, (D-NJ) Chairman of the House Committee on Public Works and Transportation in a recent news release stated the challenge before us very well. I quote from that news release, "Through this national intermodel transportation policy, we must seek to provide the economic under pinning for the 21st century in the same way the Interstate Highway System fueled the economic growth of the last 35 years. To maintain our strong competitive position, we must no longer develop separate transportation systems that exist in isolation. To compete on a worldwide basis, we must have an intergrated, multi-model transportation system."

"The challenge of the next generation is making our separate transportation systems function as a state-of-the-art unified networks and that will give our country a competitive edge in competing on a world-wide economic basis. The mission we are embarking on is to rebuild America to meet the challenge of competition in the 21st century global market place."

We feel Congressman Roe has a very visionary and exciting view of the job before us. Our group, both the R.C.G.A. and the I-66 Project, Inc. is awaiting the assignment of specific duties as they relate to the Feasibility Study. This is presently being discussed between the Federal Highway Administration and effected State Departments of Transportation. We are offering to be an intrigal part of the Feasibility Study in rolls such as

collecting matching funds beyond the required 20%, which we feel would further indicate the support of such a project. We feel this type of public-private partnership will be a good demonstration of the cooperation that will be required to carry this nation into the 21st century.

ADDITIONS TO THE RECORD

**Testimony of**

**Peter M. Brown**

**President, Four Seasons Group, Inc.**

**Presented to the**

**House Committee on Public Works and Transportation**

**Hearing on**

**Reauthorization of Federal Surface Transportation Program**

Mr. Chairman, my name is Peter Brown. I am President of Four Seasons Group, Inc. which is the developer and manager of Four Seasons Lakesites and Chase Resorts. Our company is headquartered in Lake Ozark, Missouri, and we serve the family vacation industry in our beautiful Lake Ozark region.

In behalf of Four Seasons Group, Inc., our thousands of vacation guests, and the many small businesses located in and near our resorts, I am pleased to present our views on reauthorization of the Federal Surface Transportation Program.

We are specifically concerned with four aspects of your hearings.

First, we strongly support the legislation introduced and referred to the Committee which includes authority for construction of toll facilities with a 35% federal matching share. For many

communities and states such as ours, toll facilities appear to be a cost-effective means of solving transportation needs.

Around Lake Ozark, families which work in the region and those which come for vacations have encountered serious traffic headaches which need to be alleviated. Neither the local nor state governments alone have the funds to solve the problem. Nor are private dollars available to meet the cost. However, a combination of local, state, federal and private funding, in concert with user fees -- tolls -- would make it possible for us to begin addressing the road and bridge needs of the Lake Ozark area.

Second, we strongly support the provisions of pending legislation which give greater flexibility to states and communities to shift allocated funds to and between categories of projects. Under conditions outlined in S. 883, introduced by our Senator Bond and in S.965, introduced by Senator Moynihan, there appears to be the appropriate flexibility for such projects to be undertaken within the discretion of the states.

We need a bridge over Lake Ozark, Mr. Chairman. It is a long-standing need and within the near future, we must address that need or the economic development of the region is going to be seriously limited. Our interest in urging greater flexibility to shift funds based on state and local decisions is based on the strong belief that this will facilitate the planning and construction of a bridge.

Third, as we are located in a growth state which has already constructed our part of the interstate system and now must maintain it and also try to catch up on our non-interstate highway transportation needs, we endorse the position of our state's Highway and Transportation Department regarding the formula under which transportation funds are allocated.

This is a delicate subject, of course, because we are dealing with a fixed amount of funds, the allocation of which affects every state in the nation. I do not pretend to know precisely where the "best" formula lies, but went to urge the Committee to seriously look at whether our state ought to receive a higher percentage of the funds we send to Washington.

On March 1 this year, Wayne Muri, our Chief Engineer, testified before the House Public Works and Transportation Committee's Subcommittee on Surface Transportation concerning the impact on Missouri of a different formula.

He pointed out that we in Missouri have unmet transportation needs over the next decade totaling more than $550 Million. A new formula which returned to states a fair share of what they sent to Washington would generate $100 Million in additional funding for Missouri annually. We cannot afford the cost of our unmet transportation needs, Mr. Muri testified, but an increase in funding which represents a recognition of the share of funds coming OUT of Missouri would surely help.

Senator Moynihan has offered an insightful comment on the direction which should be taken in reauthorizing the nation's transportation program. "Productivity in the transportation sector has been flat," Senator Moynihan stated, adding that the new direction of the program (now that the interstate system is virtually complete) "must generate transportation productivity" just as productivity is generated by the manufacturing and other sectors of the economy.

Mr. Chairman, I agree with Senator Moynihan. Economic studies in our state indicate that for each additional dollar of transportation spending, we can generate four dollars in economic return. THAT is productivity that Missouri needs badly. Any movement away from the present situation, in which we lose 15 cents out of every dollar in taxes, is a move in the right direction, and we urge the Committee to reconsider the present formula.

Finally, we would look to the Committee to write a bill which authorizes greater spending overall from the Highway trust Fund. As we know, much of the Fund is presently used to offset the federal budget deficit, a worthy purpose but not the reason the taxes were collected in the first place.

If we had highways and bridges to spare, few would argue with reserving some portion of the Fund to help with the deficit, but as you know better than we, there are Billions of Dollars in unmet transportation construction needs in America, and on top of that our

existing roads, highways and bridges are in serious need of repair.

In short, Mr. Chairman, the Americans who paid the taxes into the Highway Trust Fund need those dollars back in their communities, and across the nation, to build a safe, productive transportation system. (We also need a balanced budget, but we stand a better chance of getting one if we stop masking the deficit with Highway Trust Fund, Social Security, and other fund surpluses.)

I want to close by quoting Mr. Muri: "Our future is in your hands because transportation is the key to our economic survival." That is a true statement, Mr. Chairman, and I want to thank you for the work which the Committee has done so far, and to urge your consideration of this testimony as you continue the process of reauthorizing the Federal Surface Transportation Program.

# COALITION FOR HIGHWAY SAFETY

c/o Tina Hamilton
6337 Old Lemay Ferry - Imperial Mo. 63052
Area Code 314 942-3718

Oct 6 1, 1991

TO: PUBLIC WORKS AND TRANSPORTATION COMMITTEE

At the request of Congressman Gephardt's office, we have briefly documented over seven years of effort put forth by the Coalition to obtain better roads for Jefferson County.

We have also summarized our views on what we feel needs to be done for the roads, not only in our county, but as well as throughout the State of Missouri.

We are a "grassroots organization" which has survived over the years because of it's honesty, determination, and trust of the citizens and have gained the respect of many because of our dedication and results over the years.

We would glad to be of any assistance in the future should you have any questions.

Sincerely,

Tina Hamilton, Bill Mckenna, Marge Schulte, Larry Steinkamp, and Sharon Tricamo - Members, Coalition for Highway Safety

OUR GOAL IS SAFER ROADS

March 1, 1991

TO: PUBLIC WORKS AND TRANSPORTATION COMMITTEE

FROM: THE COALITION FOR HIGHWAY SAFETY-JEFFERSON COUNTY, MO.

Attached you will find a history of the Coalition for Highway Safety's efforts in obtaining much needed highway construction in Jefferson County. It has been 7 years of hard work which has shown many that it is very hard work dealing with government but yet many united and waged hard battles that show eventually things do come together. However, the sad part in the whole situation is that these battles should not have had to take place. Many lives were lost, body's broken and mangled, loss of personal property, financial losses due to the accidents, economic losses, and undue emotional stress. Why? The state government did not have enough money to fund these projects and the federal government did not allot enough money for such primary and secondary roads such as Highway 21 and Highway M that were in dire need of being replaced. The citizens of Missouri did pass a gas tax in 1987 to help the situation somewhat; however, more federal funds are needed for these primary and secondary roads.

With the near completion of the interstate system we feel more money should be directed to these arterial roads. Money is still needed for the interstates in Missouri since our state was among the first having the interstate system. For example, Interstate 55 in Jefferson County has a total of four lanes. It is in dire need of more lanes because of population expansion and this is the case throughout Missouri. We bring the travelers down these interstates but when they exit they usually exit onto outdated arterial roads which is the case in Jefferson County. Highway M is a perfect example of an outdated arterial. It is a two lane, narrow winding road. It's companions Highways MM & W are in the same shape and this what has to be used as an East-West Corridor in Jefferson County. Jefferson County lacks an East-West Corridor. There are plans underway to make an East-West Corridor along the aforementioned routes but, again, there is no money. Two new lanes for Highway M were allotted under Proposition A but that is all.

The Coalition does not address economic growth. We address safety issues such as the old outdated roads. Highway M was a farm to market and still is basically the same as when it was originally constructed. There have been a few safety modifications recently. Highway 21 was built over 40 years ago as a route for the city dwellers to take a leisurely scenic drive on a weekend. It is now a heavily traveled, arterial, with lots of curves, two lanes, and gravel shoulders. Part of it has been replaced but much more still needs to be done.

Most citizens of Jefferson County travel over 30 miles one way to work. This means they buy a large amount of gas thus contributing heavily to the highway funds. With that amount of contribution they would like to see a return of that money to their state and county. We do not have bus service or light rail systems to take us to our places of work. We need and deserve better roads. By putting some of that money back into our state it will help save lives, help prevent accidents by having safer roads, save people from financial loss, emotional stress, and it does help the economy. Better roads attract economic growth. People don't want to move to areas with bad roads, or shop in areas with bad roads, companies looking for places to relocate also want a good road system.

It is the Coalition's feeling that even though everyone is looking for ways to cut the Federal budget, highway funding is not something that should be cut. Highway construction brings many benefits both safety wise and economically to communities. If this budget is cut you will be putting more lives in jeopardy, you will be putting more people out of work (the construction industry is already hard hit), the St. Louis area has already been hit hard by losses of jobs in the defense industry, automobile industry.

Page 3...

Confidence in the federal government's spending practices is low; let's not further erode it by taking away something that our motorists invest heavily in. The State Highway Commission worked hard to gain back the support of the citizens by promising projects under Proposition A. The citizens are seeing results and are more confident, we certainly don't need to take away money because that will just defeat any future efforts in the state to gain extra revenue because the citizens will not see any results.

We will not bore you with statistics, we're sure you heard them all and we have file drawers full of data to back up the years of work. We invite you to drive some of these roads, you will then see why we feel so strongly.

Respectfully submitted by: Tina Hamilton, Member
Coalition for Highway Safety-
Jefferson County, Mo.

## IMPORTANT DATES FOR CAMPAIGN FOR "NEW HWY. M"

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|---|---|
| October, 1983 | Our friend and neighbor is killed on Highway M. |
| December, 1983 | Representative McKenna contacts the State Highway Patrol for statistics. |
| January 16, 1984 | Disc jockey dies on Hwy. M which creates media attention to the dangers of Hwy. M. |
| January 29, 1984 | First meeting held (standing room only), petition drive begins. |
| March 9, 1984 | Coalition members travel to Jefferson City to present the case to the State Highway Commission. Members request a New Highway but request some temporary safety measures until a new highway can be built. |
| April, 1984 | Speed limit reduced. |
| May 10, 1984 | Meeting held to announce results of appearance before the Highway Commission. Good news, bad news - the Commission agrees that a new highway is definitely needed but until funds can become available all they can give us are some temporary safety measures. The representative from the highway department tells us it will be 5 to 7 years before a new highway can be constructed. |
| November 1, 1984 | First Public Hearing is held at Saint Luke's Church. |
| Spring of 1985 | First improvements begin. |
| Febuary, 1987 | Proposal for Proposition A to appear on April ballot. A new Highway M is listed as a project that will completed if the proposition passes. |
| April 7, 1987 | Proposition A passes. |

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|---|---|
| September 27, 1988 | Second Hearing held. This is a design hearing. |
| January 13, 1989 | State Highway Commission approves plan with some changes. |
| August 14, 1990 | The Highway Department holds a special preview meeting. This is the first time this has ever been done. |
| August 20, 1990 | Third and final public hearing held at St. Luke's Church (standing room only crowd - Hwy. Dept. stops counting at 240 people.) Not a single person speaks out against the need for a new highway. Everyone who spoke emphasized the need for a new highway. Several speakers requested possible changes of alignment due to the close proximity of the highway to their property. Several people spoke up as to how they were willing for the highway to come through their property if it would save just one life. |
| December 7, 1990 | Commission gives final approval for the new Highway M. Date given for beginning construction varies anywhere between 4 to 7 years, again depending on financing availability. Money is allotted to begin hardship buyouts and buy right-of-way over the next several years. |

THE STATE HIGHWAY DEPARTMENT IS HOPING TO MAKE THE NEW HIGHWAY M PART OF A FUTURE OUTERBELT SHOULD FUNDING BECOME AVAILABLE. THE COALITION AGREES THIS IS DEFINITELY NEEDED BECAUSE JEFFERSON COUNTY LACKS AN EAST-WEST CORRIDOR.

## IMPORTANT DATES FOR CAMPAIGN FOR "NEW HWY. 21"

| | |
|---|---|
| September, 1966 | Proposal submitted for New Highway 21. |
| November, 1967 | Tentative Approval given to new highway. Shortly thereafter approval is given and right-of-way is purchased. |
| November 1984 | Coalition writes letters to highway officials concerning need for new highway. Promises made that it would come. |
| August, 1985 | Article appears in St. Louis Post Dispatch stating that construction would begin in Spring of 1986. |
| February 10, 1986 | Water District receives letter stating construction would soon be starting; therefore, pre-construction meetings needed to be held with the utilities. |
| May, 1986 | Coalition members hear that there will be no construction. They contact Representative McKenna. |
| June 1, 1986 | Highway officials state because of lack of federal funding, the Graham - Rudman bill, etc., there will not be a new highway as promised. |
| July 3, 1986 | The Coalition appears before the State Highway Commission to plead the case for the new highway that **HAD BEEN PROMISED ALMOST 20 YEARS AGO.** |
| July 9, 1986 | State announces that they are cancelling all road projects scheduled for letting in August and probably September's also. The reason given was "they ran out of federal funds." |
| July 10, 1986 | Coalition receives a "thank you for coming....but no money" letter from the State Highway Commission. |
| | Tie a Yellow Ribbon Campaign begins. Residents were asked to tie yellow ribbons if they supported a new "21", so much support shown that news media picks up the story. |

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| July 28, 1986 | Public meeting held to discuss what the public feels should be done. (Standing Room only crowd - over 250 people in attendance.) |
| August 8, 1986 | Official word comes from the State Highway Commission. Sorry no money! |
| September 5, 1986 | Another packed public meeting is held. Citizens were told there was no money but the highway department would give us some temporary safety features. Everyone agreed that the safety features were nice but what was really needed was the new highway.<br><br>A letter writing campaign is begun.<br><br>Citizens decide to print bumper stickers and to erect signs. The nine mile stretch of Highway 21 is now dubbed "BLOOD ALLEY".<br><br>Signs are erected stating "DANGER YOU ARE DRIVING BLOOD ALLEY - HWY. 21".<br><br>Bumper stickers are made stating:<br>"I'M TRYING TO SURVIVE...HWY. 21"<br>or<br>"HWY. 21 - A MATTER OF LIFE & DEATH."<br>These stickers were available in local stores and the people could have them and if they chose to make a small donation to cover the cost of printing.<br><br>Media attention is heavy for meetings, signs, letters, and bumper stickers. |
| October 1, 1986 | Citizens decide to take cause to Governor at this meeting. |
| Fall, 1986 | Congress adjourns without passing new Federal Highway Bill. |

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| November 12, 1986 | Coalition members and over 60 other people travel to Jefferson City to speak with Governor Ashcroft about the situation. The presentation of data and the show of support was very impressive. However, nothing can be done for lack of funds. |
| December 10, 1986 | Fatal accident - Car involved has bumper sticker "I'M TRYING TO SURVIVE ...HWY.21." Heavy television coverage zeroing in on bumper sticker and media stating "and this man didn't." |
| January 3, 1987 | Coalition sends a letter with a photo enclosed taken by volunteer firemen of a fatal accident on December 10, 1986. This was the 7th fatality that year on Hwy. 21 (62 fatalities over a 10 year period). The car that hit a tractor trailer bore one of the bumper stickers, "I'M TRYING TO SURVIVE...HWY. 21". Photo showed auto with sticker and the covered body next to it. |
| February, 1987 | Coalition writes federal officials chiding them for not passing Federal Highway Bill. |
| February, 1987 | Coalition member Tina Hamilton joins Governor's Committee for Passage of Proposition A which will raise the gas tax to help build roads. Certain projects are promised under this Proposition (Hwy. 21 is included). Proposition will appear on April ballot. |
| April 7, 1987 | Proposition A passes. Along the Hwy. 21 and Hwy. M corridors it passes from anywhere from 59% to 73% of the yes vote. |

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| July 2, 1987 | Groundbreaking is held for the first section. |
| July, 1989 | A 4.3 mile section is opened. |
| October 1, 1990 | Another 2 mile section is opened and construction begins on another section. |

THE ABOVE TEXT COVERS THE "BLOOD ALLEY" SECTION"; HOWEVER, A 7 MILE SECTION STILL IS AWAITING A SECOND & THIRD HEARING. COMPLETION OF THIS SECTION IS AT LEAST 10 YEARS AWAY. THIS SECTION ONLY GOES TO HILLSBORO. ADDITIONAL FUNDING IS NEEDED TO TAKE IT TO DESOTO AND BEYOND.

6-J Sun., Sept. 25, 1966 ST. LOUIS POST-DISPATCH

NOTE

# Improvement of Highway 21 Urged as Regional Benefit

Missouri Highway 21 could be the most beautiful highway in the St. Louis area if it was redesigned and designated a state scenic route.

This is the view of Walter L. Eschbach, Jefferson county planning director, who has prepared a 100-page brochure pointing out why the State Highway Commission should improve the road to provide better access to recreational facilities in Jefferson county and southeast Missouri. The booklet, which contains maps and photographs, will be presented this week to the highway commission.

Under Eschbach's plan, Highway 21 would be either widened to four lanes or made a dual route, between the Meramec river and Washington State Park, a distance of about 35 miles. Landscape adjacent to the highway would be unchanged and zoning restrictions would be enacted to assure orderly development. Roadside parks would be constructed at several points between the Meramec and the state park.

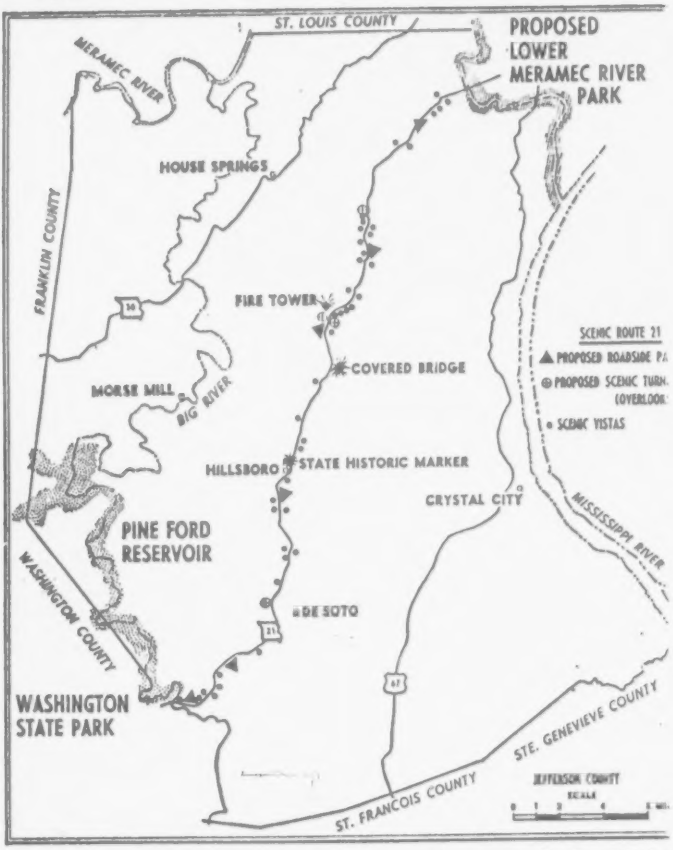
### Noted As Primary Route

In his report, Eschbach noted that Highway 21 was the primary route for St. Louisans to reach eight state parks, six state forests, five state wildlife areas, two federal forests and 10 other points of interest south of Jefferson county.

In addition, the highway will become the major route to the proposed Pine Ford Reservoir, which is expected to be completed under the Meramec Basin Program in about 10 years. Pine Ford, when completed, will be on the Big river in the southwest part of Jefferson county and northwest part of Washington county.

Eschbach said that Route 21 would also lead tourists to the Ozark National Scenic Riverways, a national park being developed along the Current and Jack Fork rivers. The national park will include about 88,000 acres in Carter, Dent, Shannon and Texas counties.

Highway 21 is relatively unspoiled, Eschbach noted, although 11,250 feet of roadside development in Jefferson county is classified as disorderly and deteriorated. However, 295,565 feet of roadside frontage is undeveloped and of that, 190,000 feet is forested, the planning director said.




By Joseph Crouch, a Post-Dispatch staff a

## Proposed Scenic Route

The route of Missouri Highway 21 through Jefferson county, which is proposed as state scenic route. Points of interest along the highway have been marked on th map.

### Factor in Growth

"Although the extent of blight and decay is small along Highway 21, the growth of Jefferson County could be retarded by the presence of these misused areas" Eschbach asserted. "Furthermore, the economic base of the county could be weakened by declining property values and unattractiveness to investment. As physical environment becomes less desirable, social deterioration is inevitable."

In his report, Eschbach pointed out that improvements should not be aimed at retaining and improving the scenic value of the route alone. Highway commissioners should redesign the road to permit orderly and speedy movement of traffic.

Eschbach's brochure warns:

"When the citizens of this county drive to work 5 or 10 years from now there will be either pleasant vistas and attractive roadside scenes or they will see endless miles of neon, junk, grime, dirt, ruined landscapes, and places of refuse rather than refuge."

Thursday, November 9, 1967 NOTE "THE NORTHWEST BOOSTER"—Hillsb

## Tentative Approval . . . .

# For Relocation of Route 21

JEFFERSON CITY - Approval for an approximate ten mile relocation to an eventual dual-lane facility of Missouri Route 21, in Jefferson County, was given by the Missouri State Highway Commission at its October meeting in Jefferson City.

The action was taken after extensive studies had been made along the route to determine the highway needs in the immediate area.

The tentatively approved relocation of Missouri Route 21 would begin at the west end of a previously approved interchange with Route 141 (J), near Paulina Hills.

It proceeds in a southwesterly direction all on relocation on the southeast side of present Route 21. It crosses the present facility about a mile and a half southwest of Paulina Hills where a full diamond-type interchange will be built.

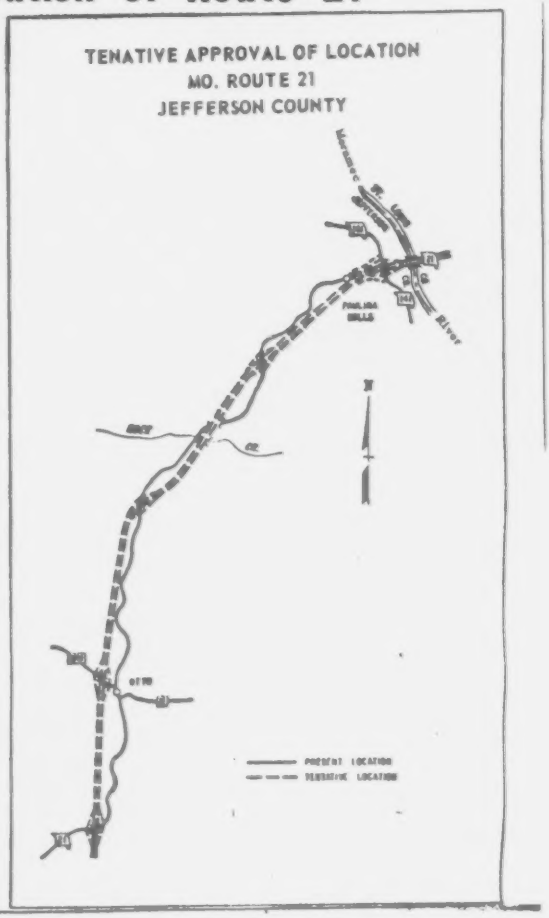
Continuing on southwesterly on the northwest side of present Route 21 it would again cross to the southeast side just north of Rock Creek. The proposed location would cross Rock Creek on new bridges approximately 300 feet downstream from the existing crossing.

The proposed routing continues on southwesterly still on the southeast side of the present route and crosses present Route 21 again at a point about three miles north of Otto where a diamond-type interchange will be constructed.

From here southerly the new relocation will be located on the west side of present Route 21 crossing Supplementary Route MM, west of Otto, where a diamond-type interchange is proposed.

The new routing terminates on present Route 21 with a diamond-type interchange approximately two miles south of Route MM.

Approval of this Route 21 relocation has been given at this time both as an economy measure and as an aid to local area residents. By planning the route at an early date and acquiring the necessary right of way it will be easier for residential and commercial developments to be fitted into the highway pattern.



January 3, 1987
Coalition for Highway Safety
c/o Mrs. Hamilton
6337 Old Lemay Ferry
Imperial, Mo. 63052
314-942-3718

The Honorable Governor John Ashcroft:
Mr. John C. Cozad:
Ms. Helen Schnare:
Mr. William F. Schierholz:
Mr. C. R. Johnston:
Mr. Paul L. Ebaugh:
Mr. Don Walsworth:
Mr. Wayne Muri:

The enclosed pictures were taken by the firemen and paramedics who worked the seventh fatal accident on Hwy. 21 in 1986. The emergency personnel told us they were supposed to have an extrication training class that evening. Unfortunately they had 45 minutes of "hands on" experience on December 10, 1986. We do not enjoy sending these photos but we felt it necessary.

Ironically the man's car bore the bumper sticker "I'm Trying to Survive Hwy. 21" - he didn't! Imagine the impact this had when the TV stations flashed a picture of the trunk of this car bearing that sticker on the news. It still gives everyone chills.

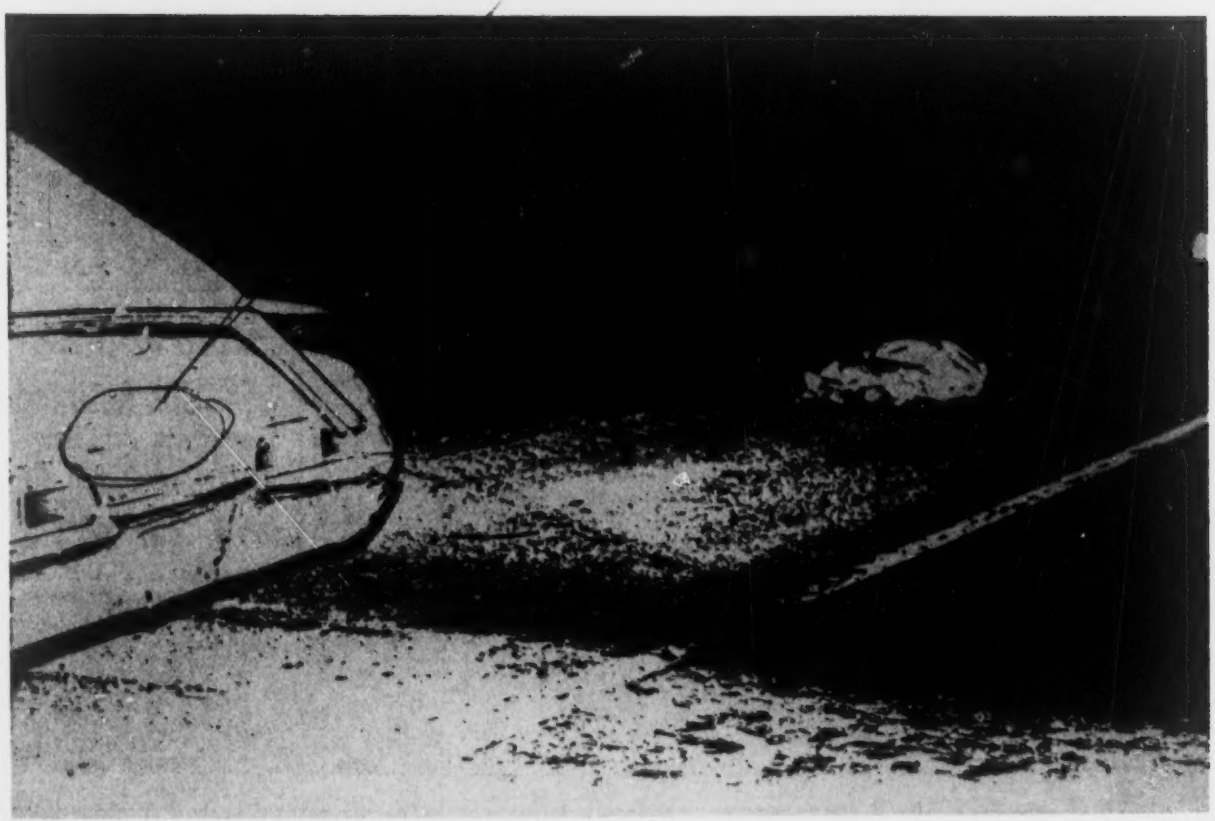
We sincerely hope and pray when the federal funds come some will be allotted to Hwy. 21 so these types of accidents will be minimized.

Sincerely,

Tina Hamilton
Marge Schulte
Bill McKenna
Larry Steinkamp

Enclosures - 2

Bumper Sticker
I'm trying to Survive  May 21



Dennis Caldwell photo

# Grateful

An anonymous author gives approval to the proposed new four-lane Hwy. 21 with a sign near the present Hwy. 21, just north of Meramec Heights Shopping Center in Jefferson County.

198

I'M TRYING TO
SURVIVE...
HWY. 21


HWY.
21
A MATTER OF
Life & Death

# Traffic signals, left-turn bays and resurfacing approved for Hwy. 21

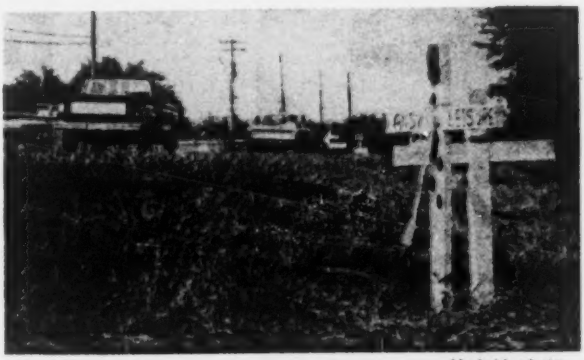
By Sam Schapiro
News Democrat staff writer

The state Highway and Transportation Commission has approved the installation of traffic signals or left-turn bays — or both — at seven junctions on Hwy. 21 in Jefferson County. The improvements and the locations were announced in a letter from Commission Chairman John C. Cozad to state Rep. William McKenna (D-Barnhart).

Work on most of the signals and bays will begin this year, and in 1987 the department will begin resurfacing all of Hwy. 21 in the county, County Commissioner Howard Wagner said he has been informed.

Jefferson County legislators, county officials and citizens appeared before the commission in July urging improvements on Hwy. 21. As a result of that appearance, Cozad said, a study was made to determine what steps might be taken to improve safety and traffic flow until long-planned permanent improvements — for which money is not available now — can be made.

He said the commission has approved construction of traffic signals with left-turn bays at these locations: East and West Rock Creek Road; Hwy. M, at Otto; Hwy. A, north of Hillsboro (southbound left turn bay only); Hwy. BB, in Hillsboro; and Hwys. N and H, at De Soto.



Marie Liu photo

**Two white crosses mark the scene of a double fatality on Hwy. 21 near Hillsboro**

Left-turn bays also were approved on Four Ridge Road, north of Otto; Hwy. MM, at Otto; and at Jefferson College, north of Hillsboro (northbound only).

Wagner said that he was told by state Rep. William (Bud) Lewis (D-De Soto) that all of the bay and signal work north of Hillsboro would begin this year, and that resurfacing of Hwy. 21 would begin next year, some to be done by the state highway department's own employees and some by contractors.

Cozad said that the department also plans to cut brush at Lions Den Road and Four Ridge Road to improve sight distances.

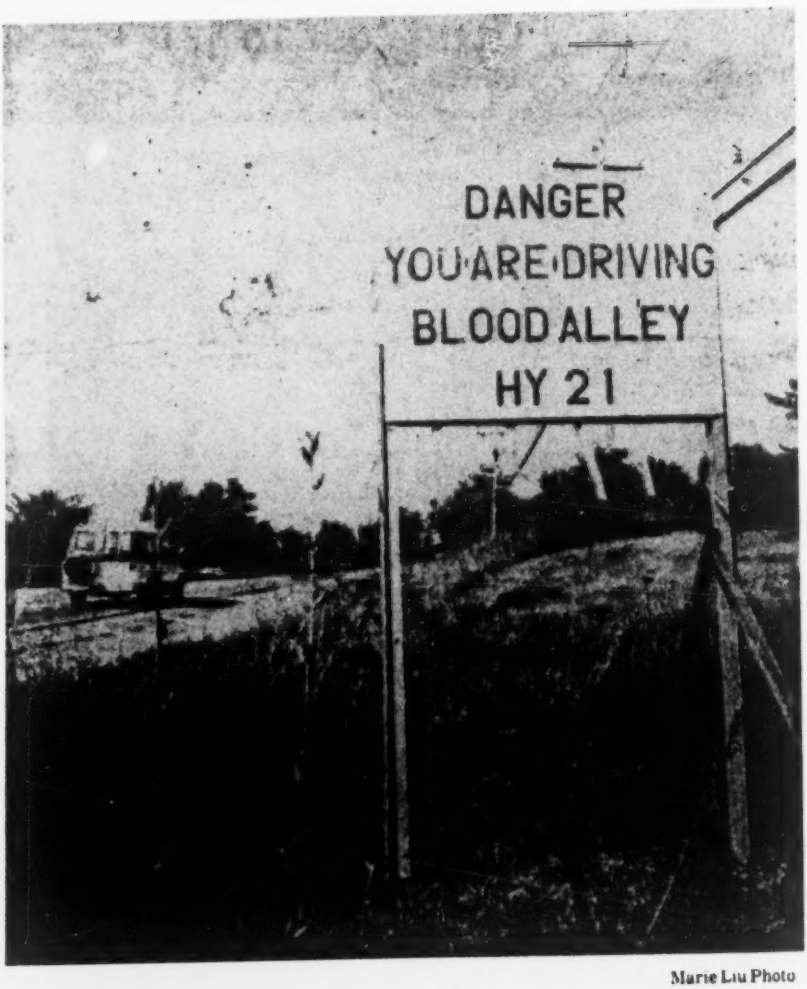
Earlier this week, highway department district engineer Frank Kriz announced that $400,000 in state funds have been designated for use in improved signalization along Hwy. 21, but the sites were not included in that announcement. "Because we have been advised that the funds are not there for all the improvements some residents are seeking, we wanted to do at least this," Kriz said.

Marie Liu photo

# Highway to heaven?

Hwy. 21 travelers are asked by the sign above to take their appeal for a four-lane highway to a higher authority than state or federal legislators. Many signs have been placed along the highway to draw attention to the residents' pleas. Jefferson Heights First Baptist Church is at Hwy. 21 and Four Ridge Road.

Jeff. Co. Journal
8/6/86




Marie Liu Photo

**Signs like this appear in various places along Hwy. 21. In hopes of getting road improvements, countians have placed yellow ribbons and strips along the highway.**

# EWPOINT

NOW, NOW, WE MUST BE PATIENT. RAISING MONEY FOR THIS KIND OF HIGHWAY PROJECT TAKES TIME.

# IEWPOINT

DARN, THEY SURE RUINED A GOOD THING BY PASSING THAT GAS TAX PROPOSITION!
HIGHWAY 21
DANGER YOU ARE DRIVING ON BLOOD ALLEY (HWY 21)
DANGER YOU ARE
DANGER YOU ARE
HIGHWAY DEATHS
DANGER YOU ARE DRIVING ON BLOOD ALLEY (HWY 21)
Dyer '87

MOKSRAIL

MISSOURI - KANSAS RAIL PASSENGER COALITION

P.O. BOX 411192 • KANSAS CITY, MISSOURI 64141

February 26, 1991

The Honorable Richard Gephardt
9959 Gravois
St. Louis, Mo 63123

Dear Congressman Gephardt:

I learned of Representative Norman Mineta's hearing in St. Louis concerning reauthorization of the Surface Transportation Act too late to make arrangements to attend. I have enclosed testimony that I would like to make available to Congressman Mineta and other members of the subcommittee. I would greatly appreciate it if you would be so kind as to forward my testimony to the appropriate parties.

For your information, I have also included some material concerning our organization and the National Association of Railroad Passengers, with whom we are affiliated.

Sincerely,

Wayne Copple

Wayne Copple
Legislative Coordinator

MOKSRAIL

MISSOURI - KANSAS RAIL PASSENGER COALITION

P.O. BOX 411192 • KANSAS CITY, MISSOURI 64141

Testimony of Wayne Copple, legislative Coordinator,
Missouri Kansas Rail Passenger Coalition
on the reauthorization of the
Surface Transportation Act.

St. Louis, Missouri
March 1, 1991

Dear Chairman Mineta and Surface Transportation Subcommittee members:

The Missouri-Kansas Rail Passenger Coalition is a consumer oriented, non-profit organization established to work for the development of a balanced transportation network that recognizes the benefits of modern intercity rail transportation and urban mass transit.

We are encouraged that the Bush Administration's proposed FY 1992 budget grants a small increase in funding for the first time in 10 years to the Urban Mass Transit Administration and funds for Amtrak after seven straight years of proposed zero budgets. Although these are positive steps much more will needed. Surface transportation reauthorization offers a chance to redress past imbalances and create a transportation system that utilizes all modes to best advantage.

Elements of a balanced transportation policy should include:

1. An increase in the federal gasoline tax dedicated to intercity rail passenger service and mass transit. A one cent-per-gallon gasoline tax would fund all Amtrak service, allow for additional equipment and many new services. There is great demand for Amtrak service; trains are often sold out weeks--sometimes months--in advance. The primary factor restraining Amtrak from achieving faster growth and increased efficiencies is the lack of capital for expansion.

Five cents-per-gallon should be allocated to mass transit, in addition to the present funding. This would bring mass transit funding to approximately $8 billion annually, only slightly higher when adjusted for inflation than the FY 1981 funding of $4.1 billion. Good mass transit provides substantial energy, safety, environmental, and other social advantages. There should be significantly increased funding for new rail starts. Rail rapid transit, especially light rail--the modern streetcar, has proven itself as an attractive and efficient public transportation mode. It is also an important tool in directing urban growth and the redevelopment of urban core areas. These advantages have been

recognized in other modern nations to a much greater extent than in the U.S.

2. Provide equality in federal matching funds for transportation projects. We need to create a level playing field. There has been much talk of flexibility in future transportation policy. To provide true flexibility rail and transit projects must be able to receive the same federal match as highway projects. We propose that state and local intercity rail and mass transit projects be eligible for a 80%-20% federal/local match along with all other surface transportation capital projects.

There can be no justification to require a higher share of local funding for transit capital programs than for road projects. Indeed, in terms of the benefits to be derived from improved urban public transportation, it could be reasonable argued that past bias should be reversed and a higher federal match provided for transit as opposed to road programs.

For intercity rail programs there this virtually no federal money available, state and local government must go it alone, a severe disincentive for investment in rail projects. Under section 403(b) of the law establishing Amtrak, states can request that Amtrak operate additional services not in the basic system. States must pay 65 percent of any operating subsidies. Despite the high local share required many states are interested in additional Amtrak services but Amtrak has no equipment for new trains and is now requiring states to provide for 100 percent of such equipment requirements. Gasoline tax funds should also be available for intercity rail capital projects on an 80%-20% federal/local basis.

3. Steps should be taken to reduce or eliminate the hidden subsidies for motor carriers and waterway carriers. State and federal studies have shown that heavy trucks underpay their true costs responsibilities by one-third to one-half, with the largest trucks receiving the highest subsidy. The U.S. DOT claims that domestic waterway carriers pay only ten percent of their share of inland navigation system costs.

I hope that these proposals will be considered in light of the need to conserve energy, clean up our environment, reduce congestion, and focus urban development. Our organization strongly supports the recent transportation developments in St. Louis, the building of the Metro Link light rail system and the proposed Jefferson Avenue multi-modal transportation center. These are exactly the type of projects that any new transportation policy should encourage.

If the U.S. is to adequately address these concerns and if we are to have a truly modern transportation system, one that can compete effectively with foreign systems, it will be crucial that fundamental changes be made in our transportation policies. We can no longer afford business as usual.

MOKSRAIL NEWS

January/February 1991

MISSOURI-KANSAS RAIL PASSENGER COALITION
WORKING FOR A MORE BALANCED TRANSPORTATION SYSTEM

## Legislative update...
## Rails hit with fuel tax, water carriers escape

The issues of transit and Amtrak funding were reported in the November newsletter. There are some additional transportation provisions in the 1990 Omnibus budget Reconciliation Act, on which we have received information.

Railroads are now paying federal fuel taxes for the first time, 2.5 cents-per-gallon of the five cent increase. These funds are supposed to be for deficit reduction. The trucking industry pushed hard for the tax on railroads. Railroads have been exempt from fuel taxes since these were supposed to be highway user fees, the railroads build, own and maintain all of their infra-structure. The tax will cost the rail industry--including Amtrak--about $80 million annually. Railroads will also be charged as to cover the cost of Federal Railroad Admin.stration safety programs, cost: $170 million in the next five years.

Domestic water carriers got off the hook entirely, no increased fuel taxes at all. This, despite the fact that the U.S. DOT says the inland water carriers' user fees cover only 10 percent of federal expenditures for their operations, mostly through the Army Corps of Engineers. Key players on the Senate Finance Committee have large home state waterway lobbies.

The aviation industry was subject to several tax increases. The main one is the ticket tax: it increases from eight percent to ten percent. All increases go to deficit reduction. In return, the industry received more lenient rules on noise pollution than they would have been likely to get otherwise.

There is $10 million for maglev/high speed rail research and development, $3.85 million more than Bush wanted. The Army Corps of Engineers gets $2 for the same purpose in a separate bill.

There were several changes made in the machinery of the Graham-Rudman law. On the one hand, numerous new factors are added that will make it easier for Congress to meet the targets for deficit reduction. On the other hand, there are changes that will effectively give more control over discretionary spending (this includes Amtrak and over half of the transit spending) to the White House and the Office of Management and Budget. The OMB has already indicated that it wants to slash transit and Amtrak funds in FY 1992.

### Deadline nears for possible rail strike

A presidential emergency board was established last year in an attempt to solve longstanding differences between the rail carriers and eleven unions representing rail labor. One of the major conflicts concerned proposals by the railroads that would have passed part of the costs of rapidly escalating health benefits to their employees.

The board made its recommendations January 15. In addition to health and welfare issues, the board's 120 page report covers wages and work rules. Both sides expressed dissatisfaction with the board's recommendations. Neither side has to accept the board's findings, they are meant to be a basis for negotiation. Under the Railway Labor Act there is now a 30-day cooling off period, after which the carriers are allowed to impose unilateral wage and rule changes and the unions are free to strike.

A strike could occur as early as February 15. Two of the major unions involved, the United Transportation Union and the Brotherhood of Locomotive Engineers, said they would not strike while the nation was at war. Dick Kilroy, president of the Transportation Communication International Union, recently sent a memo to other union officials indicating that the TCIU was prepared to strike.

### Truckers adopt anti-rail campaign

A leaked internal memo from the American Trucking Association details plans to increase railroad expenses and obstruct operations by encouraging restrictive state legislation. The truckers would attempt to limit rail transportation of hazardous material, enforce truck weight limits on piggyback traffic, reduce speed limits, require fencing of all rights-of-way, encourage increased railroad property taxes, and advocate the retention of labor laws and other statutes unique to the rail industry that drive up costs.

continued next page

**ANNUAL MEETING OF REGION NINE OF THE NATIONAL ASSOCIATION OF RAILROAD PASSENGERS, SATURDAY, MARCH 16, 1991, ST. LOUIS, MO.**

This year's meeting will be held in the Drury Inn at St. Louis Union Station. The meeting will begin at 8:30 am. The Drury Inn is in the former railroad YMCA building behind Union Station. It can be reached at 1-800-325-8300 or 314-231-8300. Please specify that you want the Union Station location; ask for the NARP group rate. If you have other questions or would like to discuss the agenda contact Jim Hurtle at 314-335-1527.

## Truckers, continued

The campaign is in reaction to rail industry efforts to block the spread of double and triple trucking rigs. The memo indicated that the ATA had asked the Internal Revenue Service to investigate the funding of Citizens for Reliable and Safe Highways (CRASH), one of the groups that is opposed to longer and heavier trucks.

An ATA spokesperson said they would stop the campaign if the railroads would "call off the dogs." on the anti-truck campaign. A rail industry official said that it was important that the public know just exactly what they will be facing on the highways, that there will be economic, environmental, and safety consequences of longer and heavier trucks. Of the truckers anti-rail campaign, the spokesperson said, "You don't see us going around trying to close down truck stops because they are centers for drug dealing."

It was recently learned that one anti-rail effort in Missouri has already been attempted. Several obstructionist amendments were placed on a bill dealing with Bi-State transit in St. Louis. The effort failed.

A study by a leading academic expert on transportation has concluded that bigger trucks could cripple the rail industry. Gerard McCullough, deputy director of the Massachusetts Institute of Technology's Center for Transportation Studies, estimated that longer combination vehicles (LCVs) could reduce net rail operating revenues by up to 50 percent and total revenues by 13 percent. The study found that LCVs would take some of the rail industry's most lucrative traffic, such as motor vehicles, paper, and chemicals. It also claimed the railroads could lose up to 25 percent of their intermodal business, their fastest growing traffic.

## Urban transportation and environment coalition working on state/local issues

Members of MOKSRail have been working with environmental activists and other interested groups in behalf of better public transportation and urban planning in the Greater Kansas City area. Other coalition members include representatives from the Sierra Club, the Coalition for the Environment, Burroughs Audubon Society, Greater Kansas City Greens, the Kansas City Bicycle Club and neighborhood activists. Much of the work of the coalition has been carried out through a newly formed Urban Environment Committee of the Thomas Hart Benton Group of the Sierra Club.

This urban transportation and environment coalition was formed last fall in response to Mid America Regional Council's plan to release the "street and highway element" of its long-range transportation plan. Based on a single set of "trend" projections of population and employment, the plan called for over a billion dollars of additional road building by the year 2010.

Coalition members feared that the plan would further accelerate the decline of the area's urban core while encouraging further suburban sprawl. This type of "doughnut" development, an urban hole surrounded by suburbs, is difficult to serve with good public transit. The low density, auto oriented outer development, coupled with the draining of the traditional transit and pedestrian oriented neighborhoods of the central city, also make it difficult to justify the building of light rail lines.

Members of the coalition reached a compromise solution with the newly appointed director of MARC, David Warm. The road element was released as an interim plan with the promise that a transit plan will be completed in 1991. MARC also decided to establish an Urban Core Growth Strategies Committee to investigate ways to stem or reverse the decline of the central city.

There is a great deal of interest among those in the coalition in speeding up the building of a light rail system in the Kansas City area. One of the priorities of the group is obtaining a dedicated source of state funding for light rail transit and other non-highway transportation alternatives. Missouri is currently one of only 14 states that provides no funding for urban mass transit.

MOKSRail and the Sierra Club's Urban Environment Committee, along with Citizens for Modern Transit in St. Louis, have been working on the gas tax issue in Jefferson City. Highway interests want some form of increased funding for roads. MOKSRail and the other coalition members will insist that any transportation tax include significant funding for non-highway transportation. Non-highway programs would include mass transit and Amtrak service but also cover assistance for the retention of rural rail freight service, expanded rural public transportation, intermodal projects, and bike and pedestrian trails.

This will not be an easy task. Governor Ashcroft has already indicated that he will not advocate any measures for increased state revenues. However, House Speaker Bob Griffin has announced that he will appoint eight task forces this year, one of which will cover transportation. This should offer additional opportunities to gain support for a comprehensive transportation program.

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## Former FRA chief to speak at Illinois Rail meeting

John H. Riley, former Federal Railroad Administrator, will be the featured speaker at the annual Illinois Rail meeting, February 2 in Chicago. Riley developed a reputation as a strong rail advocate during his term at the FRA. Illinois Rail President Ken Bird said, "John Riley is a dynamic and inspiring speaker whose strong support for rail passenger service is well known. We are extremely pleased and fortunate that he is able to come to Chicago for this important meeting."

Riley was recently appointed to the post of transportation commissioner in Minnesota. Numerous transportation issues have been in the news in Minnesota, including light rail and high speed rail. Minnesota Governor Carlsen said "We simply cannot do business the way we have done in the past." Carlsen said "We were pleased to be able to reach 1,000 miles and get someone of this guy's caliber."

Riley stressed that "We are going to bring about a multimodal department. It's going to be a balanced department, dealing with all forms of transportation."

## MOKSRail reorganization Board nominees sought

MOKSRail is in the process of restructuring itself to meet the requirements for 501(c)(3) non-profit status. Obtaining this status would offer the organization substantial savings in postage and other benefits. A committee has been formed to rewrite the MOKSRail by-laws in an appropriate form.

One of the requirements for a 501(c)(3) organization is that it be governed by a board of directors. If you are interested in serving on the board please submit a short resume (100 words or less) for consideration by the nominating committee. Please state why you would like to be on the board and list any special skills or experience that you feel might be useful. All board members must have been members in good standing for at least one year. Send resumes to MOKSRail, P.O. Box 411192, Kansas City, Mo, 64141, before February 13.

There will be a minimum of three board meetings yearly. If possible, one of these meetings will be held in conjunction with the annual Region Nine meeting of the National Association of Railroad Passengers. Most of the other meetings will probably be held in the Kansas City area.

## Local news

**ASHCROFT CUTS RAIL FUNDING...** Missouri Governor Ashcroft eliminated unspent FY 1991 discretionary funding for the state's rail program. There was $50,000 in the fund, approximately $39,000 had to be returned. This is the only funding for rail passenger service in the state other than the subsidy payments made to Amtrak for operation of the Kansas City-St. Louis trains. In past years these funds have been used for local advertising of the service and some minor station repairs. The Governor has already indicated that he will veto these funds for FY 1992 also.

**BAD RAIL SLOWS SERVICE...** The Southern Pacific has placed a 30 mph restriction on 26 miles of newly installed welded rail on the Chicago-St. Louis route after it was found to be defective. The restriction has forced Amtrak to add 10-40 minutes of running time to its trains using this route. This occurred a little over a month after Amtrak reduced running times due rehabilitation progress on the route. The SP is engaged in a $36 million upgrade of track on this route. SP is suing the manufacturer of the rail, the Bethlehem Steel Company.

**RIVER ROUTE AMTRAK SERVICE SOUGHT...** Civic leaders from the communities of Quincy, Il, Hannibal and Louisiana, Mo are seeking the extension of Amtrak's Chicago-Quincy service to St. Louis via the Burlington Northern's route along the Missouri side of the Mississippi River. Amtrak has indicated that they cannot consider their request without a state commitment for the additional equipment required and for any operating deficit. Promoters of the plan met in the Quincy Chamber of Commerce offices on Jan. 11. This latest proposal is part of a growing national demand for additional Amtrak services.

**OVERWHELMING SUPPORT FOR METRO LINK...** The St. Louis Airport Authority recently released a study that puts Metro Link, the light rail project, at the top of the list of regional projects in terms of public support. Area residents gave a 72.1 percent approval rating for Metro Link and 31.9 percent said it was the most important project in the area, also higher than any other project. A study in St Clair and Madison Counties in Illinois showed that 75.6 percent of those polled favored extending light rail to Scott Field in Belleville.

Interest in light rail continues to grow in the St. Louis area. St. Charles County has appropriated $151,000 for the local share of a feasibility study of an extension of Metro Link. Jefferson County recently formed a committee to study transportation alternatives including the extension of Metro Link and express bus service.

**INDEPENDENCE STILL WAITING FOR DEPOT...** The City of Independence, MO is still waiting to receive final approval from the Union Pacific Railroad before it can take title to the former Missouri Pacific depot. The railroad is donating the property to the city.

## Amtrak news

**NEW ENGINES ORDERED...** Amtrak announced in late December that it had signed a letter of intent with General Electric for the purchase of 52 locomotives. The contract is valued at over $100 million. The order includes 20 3200 HP units tha. will be similar to GE's B30CW freight units, 22 4000 HP units, and 10 dual mode diesels that will be capable of operating from electric third rail into New York City.

The 20 3200 HP units are scheduled to begin arriving in early 1992. The other locomotives are scheduled for delivery beginning in early 1993. The latter two types of locomotives will have a new, more streamlined body style, similar to the German ICE trains.

Additional locomotives have be critically needed by Amtrak for some time. Amtrak has been able to purchase only a relative handful of units in the last decade, mostly used locomotives. The mainstays of the fleet, the F-40's are now 16 years old. Locomotive failures have been a major factor in the decline of Amtrak's time keeping.

continued next page

Amtrak news, continued

**NEW FARES AVAILABLE...** Amtrak and United Airlines have arranged reduced fares for rail/air travel. The package fare are designed for travelers that would like to use rail one way and air the other, or fly to gateways such as Chicago, New York, Denver, etc., use Amtrak for travel in the region and then return by air to their place of origin. The new ticketing arrangements allow users considerably saving over the purchase of one-way tickets or separate air and rail tariffs.

Amtrak says they expect to attract a lot of travelers that do not have the time to use the train for their entire journey but had been put off by high one-way fares for air/rail combinations. Early reports are that response to the new fares have been very good.

Amtrak has also announced year-round discounts for disabled travelers. The discount is 25 percent of regular one-way fares. Travelers must be able to document their disability through a government agency, a letter from a physician, or with a identification card from a group such as the Foundation for the Blind.

**BOISE BYPASS PROPOSED...** Amtrak has proposed to end rail passenger service to the largest city in Idaho by operating the Pioneer on a route that bypasses the city. Amtrak claims it could save 45 minutes by serving the city via a connecting bus from Nampa. The National Association of Railroad Passengers is opposing the move.

**NEW YORK CITY CONSOLIDATION...** Effective April 1 Amtrak will operate all of its trains serving New York City from Penn Station. All of Amtrak's Empire Service trains, operating to Albany and points west to Chicago, presently serve Grand Central. The long awaited West Side Connection, consisting of some new trackage and a rehabilitated former New York Central freight line, will allow Amtrak to divert these trains to Penn Station. This will be the first time that all intercity passenger trains have served the same New York terminal. Amtrak expects increased revenues due to convenient connections that formerly required a cab or subway transfer. It also will save money by eliminating rent payments to Metro North, the commuter rail agency that owns Grand Central.

**NORTH CAROLINA BUYS CARS...** Five former Kansas City Southern coaches have been purchased by the State of North Carolina for use on a second Charlotte-Raleigh Amtrak round-trip. The state paid the Chicago Northwestern Railroad $230,000 for the cars. The North Carolina DOT hopes to award a contract for rebuilding the cars within the next 60 days. The state hopes to have the cars in service by late 1991 or early 1992.

**MORE I.C. PROBLEMS...** The Illinois Central route continues its precipitous decline. Amtrak uses the railroad between Chicago and New Orleans and has had continual difficulty with the poor service provided. The railroad is removing all double track, leaving two mile passing tracks an average of 14 miles apart. Amtrak had asked the railroad to leave five mile sections of double track interspersed with ten mile single track segments. Used welded rail from the removed track is being sold rather than used to upgrade remaining track. The railroad is reported to be doing no maintenance on the Memphis-Jackson (MS) passenger line used by Amtrak. There are also reports of increasingly rough track on the Illinois section of the mainline.

## Transit update

**$125 MILLION FOR PORTLAND LIGHT RAIL...** Portland residents passed a ballot measure that provides up to $125 million for a west side extension, toward Beaverton, of the highly successful MAX line rail line. Part of the funding will also be used for short link that will reach the Portland Airport.

**SAN DIEGO EXPANDS LRT FLEET...** San Diego's Metropolitan Transit Development Board expects to place orders for 100 additional light rail vehicles, to be delivered over a period of several years. The first cars are scheduled for delivery in 1992. The current LRT fleet consists of 71 cars.

**SP SELLS MORE ROUTES FOR TRANSIT USE...** The Southern Pacific Railroad has agreed to sell 72 miles of right-of-way in California to a Joint Powers Board of San Francisco, San Mateo and Santa Clara Counties. The sale price is $268 million, most of which was for the purchase of the San Francisco-San Jose commuter rail line. There is a five year option in the contract for the purchase of additional trackage and/or operating rights in the area.

In Texas, the Cotton Belt, an SP subsidiary, has sold 54 miles of line between Fort Worth and Wylie to the Dallas Area Rapid Transit agency for $21.5 million. DART has no immediate plans for transit service on the line but said the "acquisition preserves another critical east/west railroad corridor for future use."

**FIRST L.A. COMMUTER RAIL CARS ORDERED...** The Los Angeles County Transportation Commission has ordered 40 bi-level commuter cars from UTDC, a Canadian firm. The cars will cost approximately $52 million and take 18 months to complete. There is an option for an additional 40 cars. The cars will be the first rail equipment ever built specifically for commuter operations in southern California. The cars will be used on new services to be instituted on lines radiating from Los Angeles Union Station.

**MIAMI ADDS SERVICE...** Miami's Tri Rail commuter service to West Palm Beach has added Saturday service to its schedule. Tri Rail is leasing a sixth locomotive for the service from Toronto's GO Transit. Orlando and Tampa rail authorities are talking to Tri-Rail officials about operating both commuter and intercity services.

**DENVER STUDIES COMMUTER RAIL...** Denver is considering commuter rail service utilizing a 10.6 mile freight line to the suburb of Arvada. The route is part of Burlington Northern line to the Coors plant at Golden. Costs for the service is estimated at $10 million. Service could begin by 1992.

**NO FREE PARKING...** The Metropolitan Transportation Commission in San Francisco has recommended that businesses and shopping malls be required to charge 60 cents per hour for parking as a way to curb auto use. The MTC is also opposing the expansion of I-80 in the Eastbay, saying it will increase congestion and air pollution.

**TRANSIT MAIL...** Due to congestion and traffic delays on I-880 the U.S. Postal Service is now transporting overnight Express Mail on Bay Area Rapid Transit trains.

# Financing Transportation - American Style

**By Joseph Vranich**

Reprinted with permission, from the June, 1990, issue of Speedlines, a publication of the High Speed Rail Association.

*(At the Seventh International Conference on High Speed Rail, Joseph Vranich, director of the Association's Washington office, presented historical perspective as well as research on transport subsidies. His remarks follow. -- Editor)*

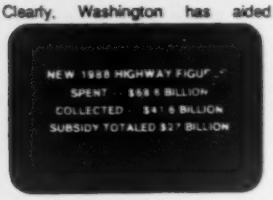
It's time to talk about money from Washington. Let's take a quick flashback to past political leaders and federal policies.

Republicans have believed in bringing about new transport facilities that

allowed America to grow. Abraham Lincoln, in an 1832 campaign for the Illinois General Assembly, was in favor of "the opening of good roads." Theodore Roosevelt built the Panama Canal, and President Eisenhower brought the Interstate Highway System to reality.

The Democrats have helped mobility, too. In the Great Depression, President Franklin Roosevelt put workers to the tasks of building roads. President Lyndon Johnson signed legislation that got the Northeast Corridor rail project moving. And President John Kennedy, in launching the NASA Apollo program, sparked technological developments that have helped America's aerospace and aviation industries.

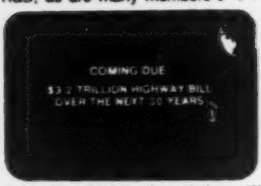
Clearly, Washington has aided




transportation in one form or another. Washington today encourages privatization and joint public-private financing initiatives, as reflected in Mr. Skinner's National Transportation Policy.

That policy encourages "future development of rail passenger service in high-volume corridors, including introduction of high-speed rail or maglev service." It also would "provide seed money for research on new transportation systems and technologies."

Now we have a federal initiative to help U.S. industry develop a new maglev technology. For fiscal year 1991, President Bush has recommended a $9.7 million program; some in Congress want to raise the amount. This is wonderful news if you're a company into high-tech R&D, as are many members of




dividuals of this Association. We spend billions on aviation R&D in this country. I don't see why we can't do that for ground systems as well.

Having said that, the Administration's policy specifically does not call for direct federal investment in intercity high-speed ground transport systems. It said "private investment" will be the main component in building systems.

That means intercity high-speed systems financed by private investors will have to compete with heavily subsidized trips on the road and in the air.

The Congressional Budget Office has issued a report that shows "private-sector users of the aviation system, including airlines, have received more in capital and operating spending than they have paid in taxes." A lot more. So much more that if the airlines were paying for their true costs, we would have airline tickets at twice the price they are today. If you doubt that, consider this statement by DOT's Assistant Secretary for the Budget, Kate L. Moore:

"In 1990, the government expects to collect about $3.9 billion in aviation

taxes. Total aviation funding will be $7.1 billion, far exceeding the taxes collected." Yet the Air Transport Association says the net profit for the industry last year was about $900 million. The costs of the government-provided services far exceed the combined net profit of the entire industry. Why is it that many expect high-speed rail to pay all of its costs -- including infrastructure -- yet we ignore the airline industry's repeated failure to do that very thing?

Perhaps we should heed the comments in the Argonne National Laboratory study that recommends using funds from the aviation trust fund to help build the new high-speed lines. After all, the new lines will relieve airport congestion without the need to build new airports.

The highway picture also presents a

remarkable story. Figures just released by the Federal Highway Administration show that all levels of government spent $68.6 billion on highways and streets in 1988 alone.

Where did that money come from? About $41.6 billion came from the user fees such as gasoline taxes, vehicle taxes and tolls. About $27 billion, however, came from other sources: the federal and state general funds, property taxes, bond issue proceeds, and so forth.

So, if you're going to run a high-speed service, you will compete with subsidized automobile travel. Maybe, as Congress spends all of 1990 and much of 1991 discussing the new highway bill, we should make a pitch for access to the

Highway Trust Fund.

Former Federal Ra Administrator John Riley, w speaking before this very group in 1987, said, "I think we need to seriously consider the use of highway funds, not to build the high-speed systems, but to build the grade separations that are going to be required to make any-speed rail system work. That maintains the basic principle of using highway funds only to build highways, but it does it in a way that also promotes high-speed rail."

That might be a tough sell, for the same reasons that Washington will find tough going in trying to off load more highway spending onto the states -- and that reason is that we're facing a $3.2 *trillion* bill over the next 30 years to repair our highways and bridges.

These subsidy policies will continue to put high-speed train proposals in the back rooms of many state departments of transportation. And that is a truth. That is a truth if you want to build a steel-wheel system or if you want to build a maglev system. That is a truth if you want to import technology from Sweden or

France or Japan or anywhere else or if you want to put into service a U.S.-designed maglev system.

I say that because the total dollars available from Washington and other tax sources are what count. Let's take a look at that, based on the latest figures out of the Office of Management and Budget and the Congressional Budget Office.

I've expressed the subsidies in terms of a Dallas-Houston trip.

Let's assume that national subsidy averages apply to a trip between those two cities. Calculations show that based on how much of each cost dollar is subsidized by the tax-payers -- now I'm talking operating as well as capital dollars here -- each trip between Dallas and Houston in the aviation system has 50 cents of each public dollar paid from the trust fund and 50 cents in subsidies.

This, by the way, shows that when Southwest Airlines opposes high-speed rail in Texas -- and claims their airline does not benefit from subsidies -- that Southwest Airlines is seriously misleading the public. There is no way that Southwest Airlines even begins to pay its share of the costs of the aviation system.

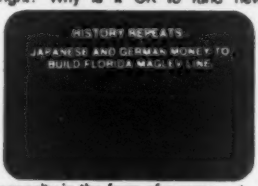
How about highways between Dallas and Houston? Well, for each dollar

spent by public agencies, 39 cents came from taxpayers. Again, that does not include the highway trust fund monies.

Let's look at the much-criticized subsidy for Amtrak. For each dollar of costs last year, Amtrak received a subsidy of 28 cents. Poor Amtrak. It's criticized in the press for its subsidy, yet by this standard it actually does quite well.

Southwest Airlines thinks the Texas high-speed trains should get zero in government help. In other words, Southwest Airlines can benefit from a subsidized infrastructure, but you are supposed to stay meek and not ask for any government help whatsoever, from anyone, anywhere, any time.

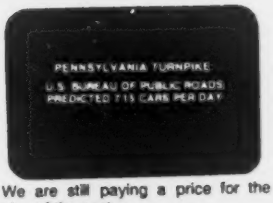
More often than not, government officials agree with that imbalance. I must ask: By what logic? By what right? Why is it OK to fund new




capacity in the form of a runway, but not OK to fund new capacity in the form of a track or guideway? Why is it OK for the federal government to facilitate construction of a new airport -- which is environmentally destructive of the very urban area it is intended to serve -- and not OK for the federal government to directly fund environmentally benign high-speed trains?

For the record, the High Speed Rail Association does not oppose subsidies to other modes. And we are not asking the federal government for subsidies to operate high-speed trains. My position is, however, that the federal government has to take a more serious look at ways to help build these systems.

Just two months ago, the director of transportation in California, Robert Best, told Don Phillips, a *Washington Post* reporter, that he has urged the federal government to do away with the disparity in matching funds. He said it's unfortunate that "if you want a freeway, you get public money, but if you want a rail system, you're on your own."




We are still paying a price for the sins of the past.

This "Let's not help the trains" approach stems from the anti-railroad sentiment generated during the Populist and Progressive eras. We should not take our ancestor's attitudes about selfish railroad barons in the last century as justification to make life exceedingly difficult for the super-speed, high-tech train builders of the future. In school, every American child learns about the wrongdoing of the railroads in the last century.

But, do we teach a child going to Disney World that the Orlando Airport is a former Air Force Base for B-52s? That the airport was converted to civilian use? Aviation is subsidized and has received sweetheart deals over the years. But we don't bother with that in our schools.

Those who want to build systems today using foreign funds will find some solace in knowing that America has a heritage of privately financing its railroads – that goes back to the 1830s. Then, private money from Great Britain went into our first common carrier – the

Baltimore & Ohio Railroad.

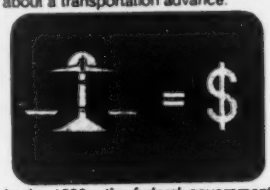
History is being repeated today as Sam Tabuchi, president of Maglev Transit Inc. in Florida, plans to build that Florida maglev line with private funds, this time from Germany and Japan. Overseas funding is available for an HSST maglev transit line proposed for the City of Las Vegas.

And I think we'll be hearing about such funding for other states.

There are American dollars, too. We could learn from Redding Stevenson, president of the Florida High Speed Rail Corporation, who is relying, partially, on real-estate development rights to help pay for the train system. "It is a long-term investment," he said. "It is not a project for the faint-hearted."

And Paul Taylor of the California-Nevada Commission talks about raising construction financing possibly through tax-exempt industrial revenue bonds.

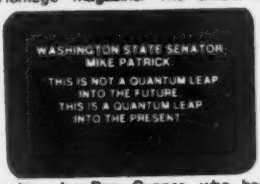
In other words, don't go to Washington for money to build such systems, at least not yet. Let's look back to another time that Washington was less than optimistic about a transportation advance.




In the 1930s, the federal government looked down on an Pennsylvania's effort to build its turnpike – the nation's first superhighway. The Federal Bureau of Public Roads believed two-lane intercity highways were adequate and scoffed at the idea of four-lane, limited-access, toll roads. The BPR said the turnpike would carry only 715 cars per day. Note that the turnpike was having trouble selling its bonds, and this view from Washington didn't help matters any.

But President Roosevelt, fearing an economic slump in 1938, decided to put more people to work, and he did that by supporting Pennsylvania's program. He purchased $40.8 million in turnpike bonds and gave the state a $29.25 million grant. The bonds were repaid, but of course a grant is a grant and was not repaid. Remember that estimate of 715 cars per day? Not long after it opened, the turnpike actually served nearly 10,000 cars per day. Last year, 270,000 vehicles a day used the Pennsylvania Turnpike.

I recommend an excellent story about the 50th anniversary of the Pennsylvania Turnpike in the May/June 1990 issue of *American Heritage* magazine. The article is




written by Dan Cupper, who has been a long and faithful member of this Association. His story points out that the first chairman of the turnpike commission, a Walter Jones of Pittsburgh, had a difficult time raising funds for the innovative project.

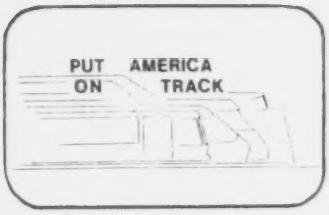
I see many parallels between Washington's early view of superhighways and its views today of high-speed trains.

Balance in transportation. Doesn't that mean balance in funding? Doesn't that mean a level playing field? I think that, just like [illegible] velt and the Pennsylvania Tur[illegible]pike will be some way, som[illegible]hat Washington will help [illegible] high-speed ground transportation systems.

That day is coming. Putting it in the words of a Senator from Washington State, Mike Patrick: "This is not a quantum leap into the future; this is a quantum leap into the present."

The federal government is becoming less pessimistic about high-speed trains. For that, we have many to thank. John Riley. Gil Carmichael. Senator Daniel Moynihan. Senators Lloyd Bentsen and former Senator Lawton Chiles. Vendors of steel-wheel equipment. Proponents of maglev. Labor organizations. And the High Speed Rail Association.

But Washington is not yet ready to help pay to build the new systems. Subsidies are reserved for others. So listen well to those who have alternative financing schemes, because that's the way the first systems will be built.

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*News from the*
**National Association of Railroad Passengers**

Second Class Postage Paid At Washington, D.C.

**Vol. 24, No. 11** — **Dec., 1990**

**John R. Martin,** *Pres.*; **Eugene Skoropowski,** *Vice Pres.*; **Robert Glover,** *Sec.*; **Joseph Horning Jr.,** *Treas.*; **Ross Capon,** *Exec. Dir.*; **Scott Leonard,** *Asst. Dir.*; **Jane Colgrove,** *Membership Dir.*; **Harriet Parcells,** *Transp. Assoc.*

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*(This has news through December 26. No. 10 was mailed October 19.*

RETURN REQUESTED

# Congress Hits Railroads . . .

## *Amtrak Honors Sam Stokes, Tireless 'Ampenny' Advocate*

—Photo by Scott Leonard

**NARP Dir. Samuel E. Stokes Jr. receives first Amtrak Consumer Advocate Award from Amtrak President and Chairman W. Graham Claytor Jr.**

Amtrak gave its first Consumer Advocate Award to longtime NARP Dir. Samuel E. Stokes of Alstead, NH, at a ceremony at Amtrak's corporate headquarters in Washington's Union Station at the close of the Amtrak Board of Directors' Oct. 24 meeting.

The award reads in part: "Sam Stokes has persistently and tirelessly championed the benefits of rail passenger service as an energy-efficient alternative to the private automobile. His letters to newspaper and magazine editors, state and federal officials, and others have helped raise awareness and support for improved rail passenger service [ed.: See Aug. '89 *News*]. Mr. Stokes has been a constructive critic, strong supporter and influential proponent of Amtrak service improvements. Mr. Stokes was among the first to advocate the allocation of one cent per gallon of the gasoline tax to fund rail service capital improvements."

Claytor said, "Sam's voice of reason and common sense on transportation policy issues has been heard. Sam's work has been featured . . . in many publications nationwide. Amtrak's

*(Continued on page 4)*

## *. . . But Heavily Subsidized Water Carriers Escape Unharmed*

### *Long-Term Hope for Stable Amtrak Funding . . . Near-Term Uncertainty as OMB Gains Clout*

The Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508, enacted Nov. 5) supposedly sets a framework for deficit reduction over the next five years. The law includes the first-ever federal fuel tax on railroads—2.5 cents a gallon, the same as that portion of the new highway fuel tax which goes to general revenues ("deficit reduction")—and the first-ever railroad payments for federal safety inspection.

The railroad tax resulted from furious lobbying by the ubiquitous truckers and will cost the railroad industry $400 million over five years, including about $32 million paid by Amtrak, but not including several million dollars commuter railroads would have to pay if Congress fails to correct a drafting error. (The correction is expected to pass.)

This cloud may have a silver lining. Getting railroads—especially Amtrak—to pay a federal fuel tax could prove to be the first step toward getting Amtrak a predictable and adequate funding source. Now that railroads are paying a fuel tax, the next step could be earmarking the proceeds for energy-efficient transportation. (A variation of this was floated during the reconciliation process, to no avail. See intermodal fund box on page 2.)

#### Water Carriers Escape Untaxed

Unfortunately, Congress had no stomach for increasing the small fuel tax on domestic water carriers, although 90% of their infrastructure costs are taxpayer funded (primarily the Army Corps of Engineers) while the federal government saddles freight railroads (and their 99% privately funded infrastructure) with a complex web of antiquated laws that unfairly inflate rail costs. The water-carrier tax proposed by some rail lobbyists got nowhere, probably because key Senate Finance

members have big home-state water-carrier constituencies.

The new law therefore is bad news for railroads that parallel major waterways—notably the Illinois Central, which is already in bad shape and doing a poor job of handling Amtrak's "City of New Orleans." Amtrak knows there are alternative Chicago-New Orleans routes—such as via Evansville, Nashville, and Birmingham—but is focussing efforts on improving service on the existing Illinois Central route through Memphis, Jackson—and Batesville, MS, in the district of House Appropriations Chairman Jamie L. Whitten.

The bill did include new aviation tax increases earmarked for deficit reduction, a sound move since the public interest demands that users of this energy-intensive and environmentally destructive form of travel pay a greater share of the mode's true costs and not simply contribute to a fund that builds more aviation facilities. (The aviation industry did not walk away empty-handed. See airport noise box.)

**Please urge your legislators to work for inclusion in the next tax bill of a rail passenger service trust fund such as the "highway-trust-fund-penny-for-Amtrak" highlighted in July *News* and our current article on Sam Stokes.**

**Please thank your legislators for the aviation tax increases in the reconciliation bill, but tell your legislators you oppose the bill's inequitable treatment of railroads and water carriers and urge them to work to correct this in the next tax bill.**

### The New Taxes

The new federal transportation taxes, which—unless otherwise noted—took effect Dec. 1, are outlined below.

**Railroads** pay a 2.5 cents/gallon fuel tax, which will go to the Treasury for deficit reduction. This was not in the original budget summit agreement. Railroads did not pay fuel taxes before because they maintain their own roadbeds. PACCAR, builder of Kenworth and Peterbilt trucks, is in the district of House Ways & Means Member Rod Chandler (R-WA), who proposed the tax.

**Railroads** also will be charged for the first time for federal railroad safety inspection. This takes effect Mar. 1 and is expected to cost $170 million over the budget plan's five-year life, costing railroads about $38 million per full year. The secretary of transportation must decide how to divide costs among the railroads; he may not use proportion of industry revenues as a basis.

The secretary also must report annually on the cost of federal safety activities for other modes and how much user-fee revenue, if any, is paid for those activities. The reports are due within 90 days of the end of fiscal years in which rail safety fees are collected. Thus the first report is due Dec. 31, 1991.

Within 90 days of the report, the secretary must submit legislation to correct "any significant difference in the burden of federal user fees borne by the railroad industry and those applicable to competing modes of transportation."

(Heavy lobbying by railroads and rail labor killed the budget summit's increase in their railroad retirement taxes.)

**Highway user** fuel taxes rose five cents/gallon (gasoline from 9 to 14 cents; diesel from 15 to 20 cents; transit buses, other state and local vehicles, and off-road vehicles remain exempt). Half of the increase (2.5 cents) goes to the highway trust fund and half to deficit reduction. Transit gets 20% of the increase going to the trust fund (one half cent). Truckers played a key role in getting the summit's 12 cents reduced to zero in the House-passed version, to 9½ cents in the Senate-passed bill. Other opposition to a fuel tax increase reportedly came from Members of Congress with rural or suburban constituencies. States will still get back at least 85% of taxes they pay into the trust fund, rather than the 95% proposed on new taxes in the budget summit agreement.

Congress exempted the airline, intercity bus industry from

### THE INTERMODAL FUND IDEA

While the reconciliation law was being developed, the House Energy & Commerce Committee staff proposed that, instead of going to general funds, new transportation fuel taxes not going to the Highway Trust Fund would go to an "intermodal transportation trust fund" for "transit, railroad (including Amtrak) and aviation (including air traffic control) programs that are currently financed by general revenue appropriations."

The idea was to maintain the principle that transportation taxes would fund only transportation. At the same time, the new trust fund would preserve the "deficit-reduction" benefits envisioned by those who originally proposed the tax increases, since the above-named programs' claims on general revenues would be reduced by whatever amounts the programs got from the new intermodal trust fund.

Unfortunately, big-railroad lobbyists got this plan killed before it was ever brought officially before the committee. The railroads' argument was that some of the money would go to small freight railroads that compete for some traffic with the big railroads. Rail labor also opposed the concept because many of those small freight lines are non-union or have contracts with unions other than the major rail unions.

Perhaps railroads' fuel tax payments should be earmarked to cover federally-mandated Amtrak costs, including retention-toilet conversion, Americans with Disabilities Act compliance, and safety and environmental needs!

### MORE AIRPORT MONEY; NATIONAL NOISE POLICY

**The new budget law (lead story) gives Transportation Secretary Samuel K. Skinner one of his top priorities—new airport-expansion funds—and gives airlines what looks like a fairly lenient national noise policy.**

**Skinner and airport operators wanted airports to be able to levy "passenger facility charges" (head taxes) to finance rapid capacity expansion. Current law prohibits such taxes and prohibits use of federal airport grants for underwriting bonds and for certain improvements such as gates.**

**Most of the top 40-50 U.S. airports are likely to impose the tax, whose revenues will further distort the air/rail funding imbalance. Airports will leverage the new revenue into "really big bucks" by pledging the head taxes to pay off long-term bonds.**

**The law allows airports to assess a $3 per ticket head tax; a passenger on a round-trip would pay up to $12 (where the one-way trip involves one or more transfers).**

**Under the noise policy, noisy "stage 2" planes must be phased out by Dec. 31, 1999, but DOT could allow some such planes for another four years if the owning airline converts 85% of its fleet to quiet "stage 3" planes by July 31, 1999. Also, federal officials may disapprove *new* airport restrictions (such as limits on nighttime operation) on stage 3 planes. And, before imposing *new* restrictions on stage 2 planes, an airport must analyze the rules' economic impact, give six months' notice, and receive public comments.**

paying the increase, so their diesel fuel tax remains 3 cents a gallon, where it has been since 1984. (Before that, intercity buses had been exempt from the fuel tax since 1978.)

**Aviation.** The airline ticket tax rises from 8% to 10%, the domestic cargo tax rises from 5% to 6.25%, the non-commercial jet fuel (kerosene) tax from 14 to 17.5 cents/gallon and the non-commerical aviation gasoline tax from 12 to 15 cents/gallon. All of these increases—totalling over $18 billion over five years—go to deficit reduction. Airlines accepted this and new airport taxes because airlines also got a national noise policy (see box).

### Spending in Future Years

The reconciliation bill abandons the setting of meaningful government deficit targets. The new targets will be adjusted for so many factors—economic downturns, unexpected increases in "entitlement" program costs, exclusion of Persian Gulf military costs—"that it will be almost impossible for Congress to miss" the targets.

But the law does contain strong limits on *new* government spending programs. Rep. Jim Leach (R-IA) says these limits give the White House more power than would the line-item veto that President Bush sought and failed to get. The limits could also boomerang against existing current programs.

The law sets three separate targets for each of the years FY '91-93 for defense, foreign aid, and "discretionary" domestic programs (i.e., including Amtrak and transit, excluding Social Security and other "entitlement" programs). The targets generally assume maintenance of FY '91 "service levels" in the "out years," that is, spending would grow to keep pace with inflation.

If Congress exceeds the target in one category, however, the administration must do an across-the-board cut of other programs within that category to meet the target. The cut is based on *estimates* of what programs will cost—and the Office of Management and Budget makes the estimates. (Although benefit programs are excluded from across-the-board cuts, such cuts could be *triggered* on 15 days' notice if OMB finds such programs are costing more than projected.)

**"The Bush Administration has begun the biggest zero-sum game to hit Washington in years. . . . It isn't clear where Mr. Bush would cut spending to make room for [his new] initiatives. Federal Amtrak subsidies, a perennial target, are likely to be targeted again in some fashion."**

—*The Wall Street Journal*, Dec. 14 news story

This means, to cite an example that could affect Amtrak and transit, the White House "will have the last word on how much of the Coast Guard budget is military and how much is civilian transportation"—something worked out heretofore among appropriations subcommittee chairmen (above quotes from "Congress is Shifting More Power Over Spending to the President," *The Wall Street Journal*, Oct. 29).

In FY '94-'95, the rules change so that, unless the White House wants to keep the three categories separate, they would be abolished. Then, military or foreign aid overspending could produce an across-the-board cut that affects transport.

It is good that intercity rail passenger spending rose significantly in FY '91 as the "last budget train left the station." But it is disquieting that all government programs are vulnerable to unexpected future across-the-board cuts, with OMB in the driver's seat. ■

### NEW AMTRAK CALENDAR

**Amtrak's 1991 year-at-a-glance wall calendar features a color photo by railroad photographer Richard Steinheimer of one of Amtrak's "San Joaquin" trains running along San Pablo Bay. $5 per calendar. Discounts for quantities sent to same address: 2 for $9, 3 for $12, 4 for $14, 5 for $15, 6 for $17, 7 for $19, 8 for $21, 9 for $23, 10 for $25; 11-25 cost $2.25 each and 26-50 cost $2 each. Calendars for years 1979-1990 are available, 1-5 for $2 each, 6-25 for $1.50 each, 26-50 for $1 each. Send a money order or check payable to Amtrak Calendar to P.O. Box 7717; Itasca, IL 60143; allow two weeks for delivery.**

### TRAVELERS' ADVISORY

**On Jan. 27 Amtrak will expand Washington-Atlantic City service from one to 2 daily round-trips and give Harrisburg, PA its first through Amtrak train to Atlantic City. On Jan. 8 Amtrak will discontinue service to Philadelphia International Airport due to Midway Airlines' drastic reduction of operations there. (Midway generated most of Amtrak's passengers there under special arrangements with Amtrak. Travelers' Advisory, April *News*.) Amtrak is also discontinuing Club Service cars on Atlantic City trains "since they are lightly used and could be put to more profitable use on other routes."**

**Amtrak issued a new Chicago-St. Louis schedule Dec. 1. Some trains had 10-40 minutes added to their running time because of 24 miles of 30 mph speed limits south of Springfield, where Southern Pacific has been laying new welded rail that proved defective. SP and Bethlehem Steel are arguing over who is at fault.**

**Also Dec. 1 Amtrak discontinued its Galesburg-Peoria-Springfield bus, which had been established primarily to protect "Zephyr"/"Eagle" connecting passengers who are now guaranteed direct connections between those trains in Chicago.**

**A dispute between Amtrak and Santa Fe over northbound service at Irvine, CA has resulted in the following correct times of service, effective Nov. 6: #569 at 6:12a, #573 at 7:58a. #771 skips Irvine. Also, the timetable incorrectly shows checked baggage service on new Santa Barbara trains #771 and #784.**

**Changes to round-trip excursion fare time restrictions on the Northeast Corridor took effect Oct. 28. Those restrictions were eliminated—except on holidays—between all Corridor points and Baltimore/BWI/New Carrollton/Washington. They were also eliminated for Philadelphia-New England travel. New round-trip excursion fares took effect for Boston/Springfield-New York, blacked out for 1-8p Friday/Sunday/holiday departures. Remaining time restrictions for Springfield/Albany to New York/Philadelphia are now cut to 1-8p Friday/Sunday/holiday departures. Remaining time restrictions for Springfield/Albany to New York/Philadelphia are now cut to 1-8p Friday/Sundays.**

**Under a provision tucked away in a new federal law, Amtrak must run its Chicago-Valparaiso commuter train, "Cirkvest," through May 3, 1991. Rep. Peter J. Visclosky (D-IN) played the key role here.**

**WATCH OUT: #5/25/35 serves Provo, UT at 9:30p—NOT 9:50p as Amtrak's Oct. 28 timetable incorrectly states.**

# *Amtrak Releases Chicago-Florida Report*

"A Chicago-Florida route would fill an important gap . . . in Amtrak's current route system and tap potentially important business and discretionary travel markets," said Amtrak in the conclusion of its congressionally mandated Chicago-Florida route study released December 3.

The route Amtrak picked as a basis for its facility-cost estimates and schedules—and the route most observers think has the best chance of getting service—runs via Danville, IL; Evansville, IN; Nashville and Chattanooga, TN; and Macon, Cordele, and Waycross, GA.

Amtrak projected capital costs of about $52 million for facilities and right-of-way improvements and $150-175 million for rolling stock. *Initial* operating subsidies would be about $19 million a year but this should decline as traffic builds.

The next step in the route campaign is for states to approve enough funding to encourage Congress to come up with the balance.

*(Amtrak's 29-page report is available from Amtrak Public Affairs, 60 Mass. Ave., NE, Washington, DC 20002. Send NARP an s.a.s.e. for Sen. Wyche Fowler's (D-GA) news release and/or NARP Dir. Alan Yorker's excellent letter from the December 17 Atlanta Constitution.)* ■

—Amtrak photo by Paul Woodring

**A nice crowd at Akron, OH, greets the Nov. 7 ceremonial train heralding the reroute of Amtrak's "Broadway Ltd." The station is ideally located downtown at the Quaker Square Hilton Inn that was converted from the Quaker Oats Company's grain silos. NARP Region 6 members will meet here March 23.**

### Amtrak to Buy 52 New Locomotives

**Amtrak announced December 26 that it signed a letter of intent with General Electric's Transportation Division to purchase 52 new diesel-electric passenger locomotives worth more than $100 million. All will have head end power. The first 20 will be 3200 HP and similar to the F40 mainstay of Amtrak's current diesel fleet. The new units, however, will outwardly resemble GE's B30CW freight locomotives. Deliveries begin in early 1992.**

**The second group of 22 locomotives will be 4000 HP and delivery is to begin the first quarter of 1993. The last group of 10 are 3200 HP dual mode locomotives with 3rd rail capability which will replace the aging FL9 fleet used for service into New York City from the Empire Corridor.**

**Amtrak says the last 2 groups will have "a new body structure based on the German ICE passenger locomotive, departing from the boxy appearance of past eras and providing a modern steamlined appearance."**

### NARP REGIONAL MEETINGS

**(Some meetings require RSVP and registration fee; more on other regions next issue. Phone numbers shown are home, except for region 1.)**

*Region 1 (CT, ME, MA, NH, RI,VT):* **Sat. Mar. 2, Portland, 1p-5p (lunch 11:30 am), Holiday Inn (downtown). Details Wayne Davis, 207/879-7245**

*Region 2 (NY):* **Sat., Feb. 23, Albany, 11:30a-4p, Empire State Plaza Conference Center (part of state capitol complex). Speaker: Paul Reistrup, former Amtrak pres./ former chmn. High Speed Rail Assn. Details: Don MacLean, 518/377-4390.**

*Region 4 (DC, MD, VA, WV):* **Sat., Mar. 16, Washington, 9a-3p, Capitol Hill Club (adjacent to Capitol South Metro). Details: Jim Churchill, 703/751-8427.**

*Region 5 (AL, FL, GA, KY, LA, MS, NC, SC, TN):* **Sat., Mar. 23, Decatur, GA, 9:45a-4p, Holiday Inn. Dinner train option available in eve., RSVP early. Details: Terry Hall, 404/455-3157.**

*Region 6 (IN, MI, OH):* **Sat., Mar. 23, Akron, 10a-4p, Quaker Square Hilton (adjacent to Amtrak). Speaker: NARP's Harriet Parcells. Details: Howard Harding, 216/ 867-5507.**

*Region 7 (IL, MN, ND, WI):* **Sat., Feb. 2, Chicago, 8:30a-4p, Midland Hotel (4 blks. east of Union Sta.), RSVP by Jan. 14. Speaker: Former FRA chief John Riley. Details: Pierre Loomis, 309/734-7202.**

*Region 8 (AK, ID, MT, OR, WA):* **Sat., Apr. 27, Shelby, MT, approx. 11a-5p (between train times), Deli Shop (downtown). Speaker: Amtrak Dir. of Corporate Communications-West Art Lloyd. Details: Barry Green 406/365-8056.**

*Region 12 (CA, HI, NV):* **Sat., Feb. 23, San Diego, 9:30a-4:30p, Embassy Suites Hotel (downtown). Speakers: James R. Mills, chmn., San Diego Metropolitan Transit Development Board; Sharon Greene, exec. dir., LOSSAN Rail Corridor Agency. Details: Ed or Mary Lee Von Nordeck, 714/787-8403.**

## Amtrak Honors NARP's Sam Stokes (continued from page 1)

support in Congress, as well as in individual states, is due in part to Sam, and others like him, bringing rail passenger issues to the public agenda."

In accepting the award, Sam urged Republican members of the Amtrak Board to ask President Bush to support earmarking a penny of the federal gasoline tax for Amtrak. Sam said he hoped that the U.S would not become mesmerized by maglev and would get on with the building of high-speed steel-wheel trains, noting how much France's similar efforts benefitted the French steel industry. Finally, he expressed the hope that Wisconsin Gov. Tommy Thompson, an Amtrak board member, would work for restoration of Chicago-Madison passenger train service.

Amtrak's superb four-page advance news release on the award and ceremony quoted Sam's arguments for the Amtrak gasoline-tax penny:

"1. The United States is the richest country in the world with the cheapest gasoline in the world. We can afford this penny.

"2. With this one cent tax, Amtrak dependence on federal funds would vanish immediately and help reduce the deficit.

"3. All existing trains could run daily and increase both ridership and revenue.

"4. Major gaps in the current system could be closed.

"5. Increased frequencies and eventually an expanded system serving millions of additional people would become possible."

*(Send NARP a S.A.S.E. for a copy of Amtrak's release.)* ■

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**Vol. 24, No. 10** ●—● **Oct.-Nov., 1990**

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# Our Message is Getting Out!

## *"Smart Highways" vs. Smart Policy*

While many NARP members challenge the notion that high-speed rail efforts should be abandoned in favor of magnetic levitation vehicles (*NARP News*, Mar.), high tech highway "solutions" are also coming under attack from environmentalists.

"Some believe that 'smart highways' will solve the congestion problem by safely squeezing more cars onto the same roadspace through computer guidance systems," says Michael Replogle of the Institute for Transportation and Development, in a Sep. presentation at Sao Paulo, Brazil, to the Conference on the Development and Planning of Urban Transport in Developing Countries.

"However," continues Replogle, "the extremely high degree of reliability required for such a system to significantly expand road capacity appears to pose cost and technical feasibility problems comparable to the 'Star Wars' Strategic Defense Initiative, which is now quietly being put on hold after billions of dollars of research. 'Smart Highways' would require expensive retrofitting of miles of new infrastructure elements on highways. It is unlikely that the US (can afford) such investment."

Arlee Reno of the Urban Institute (Washington, DC) is critical of another "high tech" road concept: "systems that display alternative routes to motorists stuck in traffic jams. In almost all cases, there are no alternative routes that will not be experiencing the same congestion difficulties; only a few cars have to switch from a clogged freeway to any parallel arterial to assure that the arterial also will be completely congested.

"The problem is not that stupid motorists fail to consider alternative routes. In major metropolitan areas, radio traffic reporters already provide for free whatever benefits could possibly accrue from high-tech electronic map displays in autos" (*Journal of Commerce*, Sep. 21).

Devoting more resources to policies that encourage people not to get in their cars would make far more sense than spending money on "smart highways" or "smart cars." ■

## *Worldwatch Institute Paper Joins Environmental Parade Endorsing Transit, Amtrak*

*"In my travels and speaking engagements, I sense a greater interest by people in rethinking their relationship with the automobile. This is partly due to congestion but health is also a big factor."*

—Lester R. Brown, Director, Worldwatch Institute, at Oct 11 news conference unveiling Worldwatch Paper 98

*"Public transport plays a central role in any efficient urban transport system. In developing countries, where at least 16 cities will have more than 12 million people each by the year 2000, failing to give priority to public transport would be disastrous.*

*"But neither the exploding Cairos and Delhis nor the relatively stabilized New Yorks and Londons can sustain future growth in automobile use. As the nineties began, a new oil crisis, mounting pollution and congestion, and global warming all call for a greater commitment to public transport."*

—Marcia D. Lowe, in *Worldwatch Paper 98*, "Alternatives to the Automobile: Transport for Livable Cities"

It has long been clear that the effort to reduce U.S. dependence on the auto and increase reliance on public transport would benefit greatly if endorsed and actively supported by the many environmental organizations whose agendas—like ours—would be advanced by dramatic changes in U.S. transportation. That was the philosophy behind our establishment of the Campaign for New Transportation Priorities (*May News*; box on page 3).

Now a number of well-known environmental groups have gone a step further, giving prominence to the transportation crisis in well-written newsletter articles.

One of the most respected organizations to do this is the Washington-based Worldwatch Institute which publishes occasional papers "for a worldwide audience of decision makers, scholars, and the general public." Its papers are heavily footnoted—especially useful to those who want more

information—and published in many languages.

Marcia Lowe is a Worldwatch Senior Researcher specializing in agriculture and transportation. Her new paper, quoted above, is a superb 49-page work building on Papers 84 ("Rethinking the Role of the Automobile," by Michael Renner) and 90 ("The Bicycle: Vehicle for a Small Planet," also by Lowe).

The Institute unveiled Paper 98 at an Oct. 11 news conference well-attended by reporters from both U.S. and foreign publications. WI Director Lester Brown, who introduced the author, said Paper 98 was funded by a foundation which had specialized in hospital-related research but came to feel it was dealing with symptoms and should start dealing with causes—an obvious reference to the severe health costs of auto-related air pollution and accidents.

Among the key points Lowe made:

- The 4 keys to balanced transportation: improve mass transit; promote use of the bicycle; orient future land use around transit, bicycling, and walking; and make auto users pay their full costs.
- In the Netherlands, the bicycle handles 30% of all work trips and 60% of school trips.
- Between 10 and 55% of rail travelers in Western Europe bike to the rail station. (From the paper: "Guarded bicycle parking [is] common in many Asian countries, including China and Vietnam, and at rail stations in industrial countries, including Japan, the Netherlands, West Germany, and Denmark.")
- Less than 10% of U.S. workers pay for their parking.

### Bad for Business!: Too Many Auto Parking Spaces

Public policy generally requires employers and developers in the U.S. to provide on-site parking. The belief that such parking is "good for business" is widely held. Yet "Geneva *prohibits car parking at workplaces in the central city*, motivating commuters to use the city's excellent public transport system" (emphasis added).

Lowe notes research in "10 major West German cities" showing that "too much parking can even hurt business by creating an atmosphere unfriendly to pedestrians. . . . Paris Mayor Jacques Chirac, apparently impressed by the reduced traffic resulting from temporary parking restrictions for France's 1989 bicentennial, announced plans to permanently remove more than 100,000 street parking spaces in central Paris to make space for public transport and pedestrians . . .

"Copenhagen's city council has . . . banned all on-street parking in the core, replacing parking space in public squares with landscaping, and increasing the amount of bicycle parking at commuter train stations. . . ."

### The Ideal City

"The heart of a city would be reserved for people on foot and passengers arriving by metro or trolley. Beyond the core, pedestrians, cyclists, trolleys, and buses would share the streets equitably with slow car traffic. Express public transport routes would link outlying areas to each other and to downtown. People would make most short trips by foot or bike, and longer trips by walking or biking to public transport stops. Cars would be reserved for trips for which the alternatives are inconvenient."

### USSR and Eastern Europe

The least hopeful aspect of Lowe's paper relates to the one bad result from recent political developments in the Com-

**ATTENTION: HOUSTON, PHOENIX, DENVER!!!**

**"It is not too late for well-established cities to change their auto-oriented land-use patterns. . . . Instead of further catering to autos, cities can step off the road building treadmill by changing land use patterns to reduce the need for driving. . . . In much of Europe, development of private land is guided by zoning, tax incentives, bans on low-density projects. . . . Urban planners try to position new developments within cycling or walking distance of public transport stops.**

**"Although the term 'high density' evokes images of towering apartment buildings and little open space, dense developments are pleasant and livable if well planned. A more compact urban form, far from precluding green spaces and stuctures on a human scale, can actually facilitate them. The planned Mission Bay development in San Francisco, for example, will combine homes and offices with ample open space at a total density higher than many large Western European cities—all with no buildings higher than 8 stories.**

**"According to a study done for the U.S. Environmental Protection Agency, a compact development can mix 2- to 6-story apartments and town houses with clustered single-family homes, and still leave 30% of the developed area for open space and parks. In a typical low-density sprawl community, according to the study, only 9% of the land is devoted to open space."**

*—Marcia D. Lowe, in Worldwatch Paper 98*

**WE NEED SENSIBLE GROWTH, NOT "NO-GROWTH"!!!**

**"Even cities in Australia and the U.S. are beginning to rethink their inefficient use of land. Portland, OR, decided to use some federal road building funds to build a light rail system instead, and worked out plans to intensify development along the rail corridor . . . .**

**"The time may be ripe for more careful development in other parts of the U.S. . . . However, many popular no-growth initiatives actually undermine the goals of mixing land use and concentrating higher densities near public transport, by trying to stop growth altogether. This just diverts inevitable development to areas where the controls are looser, leading to further sprawl. The issue is not whether to reject or accept growth, but rather how best to use it to reduce automobile dependence and make communities more livable."**

*—Marcia D. Lowe, in Worldwatch Paper 98*

**Energy Intensity of Urban Transport Modes, United States**

| Mode | Number of Passengers | Energy Intensity |
|---|---|---|
| | | *(Btu per passenger-km)* |
| Intercity rail | 80 | 442 |
| Intercity bus | 40 | 477 |
| Light rail | 55 | 639 |
| City bus | 45 | 691 |
| Rapid rail | 60 | 752 |
| Car pool | 4 | 1144 |
| Automobile | 1 | 4576 |

**Sources:** Worldwatch Institute estimates, based on Mary C. Holcomb et al., *Transportation Energy Data Book: Edition 9* (Oak Ridge, Tenn.: Oak Ridge National Laboratory, 1987); Vukan R. Vuchic, *Urban Public Transportation Systems and Technology* (Englewood Cliffs, N.J.: Prentice-Hall, 1981).

—Worldwatch Paper 98

munist world: auto dependence is likely to skyrocket in countries which today have an unusually high dependence on transit, boasting 180 of the world's roughly 300 streetcar and trolley systems. These countries cannot afford to add massive auto pollution to their industrial pollution that is already among the worst in the world.

**Other Environmental Transit Coverage**

- E MAGAZINE's ("The Environmental Magazine") Sep./Oct. cover story, "Rethinking Our Transportation Future," twice mentions our Campaign for New Transportation Priorities, quotes NARP's Ross Capon, and makes extensive use of sources to which NARP referred Author Francesca Lyman.
- The August issue of *Habitat: Journal of the Maine Audubon Society* is devoted to "Rethinking Transportation Priorities"—all 8 articles plus the Director's Column. One article, "Getting Back on the Track," reports that NARP Dir. Wayne Davis, founder of TrainRiders Northeast, "has been quite successful in generating both popular support and initial interest from transportation officials."
- The May/June *Greenpeace* includes this phrase on the cover: "America's Love Affair with the Automobile is Headed for Disaster." This refers to a story by Robert Schaeffer, "Car Sick: Automobiles ad Nauseam," which lists our Campaign as a resource.
- The Boston-based Conservation Law Foundation's *CLF Newsletter* devoted its Summer 1990 issue to transportation—7 articles plus the editor's column. Cover headline: "Inspection: The Car and its Driver." One of the articles: "Rail: The Forgotten Alternative."
- *Garbage: The Practical Journal for the Environment* included an article, "Cars," by Janet Marinelli in the Nov./Dec., 1989, issue.

*To get one or more Worldwatch Papers, make check payable to Worldwatch Institute, and write to them at 1776 Massachusetts Ave., NW, Washington, DC 20036. One paper is $4; bulk copies (any combination of titles): 2-5, $3 each; 6-20, $4 each, and 21 or more, $1 each.* ■

**MORE ORGANIZATIONS ENDORSE CAMPAIGN**

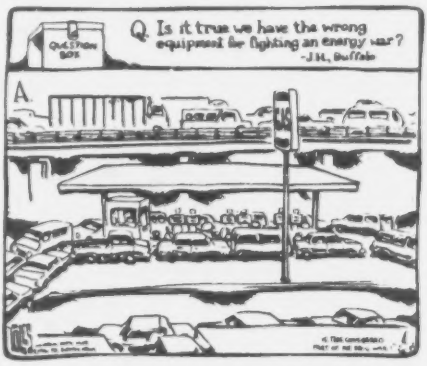
**35 national and local organizations have now endorsed our Campaign for New Transportation Priorities. Add these groups to the list in May *News*: Baltimore Area Transit Assn.; Boston Area Bicycle Coalition; Citizens for Modern Transit (St. Louis); Conservation Law Foundation (Boston); Committee for Better Transit (New York City); Fossil Fuels Policy Action Institute (Fredericksburg, VA); High Speed Rail Assn. (Pittsburgh); National Assn. of Transit Consumer Organizations (Minneapolis). Our apologies to Committee for Better Transit—which submitted one of the earliest endorsements—for not including them in the May list.**

**Meanwhile, other coalitions have recently formed, mostly around individual items on our agenda:**

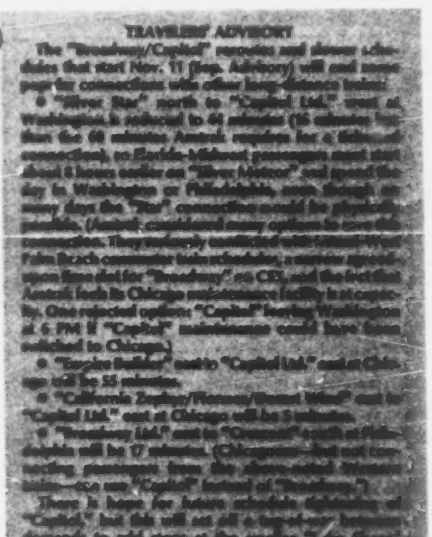
- **CRASH, working against bigger trucks;**
- **American Institute of Architects has a working group focussing on "liveable cities" (element 7 of our Campaign's policy brochure);**
- **TRANSIT NOW, a broad coalition initiated by the transit industry to promote a greater role for all mass transit including car pools and HOV lanes;**
- **METRO AMERICA, an effort of the Washington-based Institute for Policy Studies to act as a resource center for environmentally-sound transportation efforts. IPS is in touch with many superb academicians who work on balanced transportation.**

**A PENNY FOR AMTRAK**

**NARP Director Samuel E. Stokes Jr., of Alstead, NH, noting the 800,000 U.S. highway fatalities (at a cost of at least $600 billion) and 42 Amtrak passengers who died since Amtrak's 1971 creation asks: Does anyone in Congress think a gasoline penny tax (for Amtrak) to reduce this slaughter significantly would be worthwhile?**




—Tom Toles in the *Buffalo News*



### FUTURE BAY AREA AMTRAK CHANGES

**On June 27 the Amtrak board approved a $1.5 mill. contribution to the joint CalTrain/Amtrak maintenance facility planned for San Jose. Such a facility would permit shifting Amtrak's Bay Area maintenance work from Oakland to San Jose. That in turn would facilitate establishing state-supported San Jose-Oakland-Sacramento "corridor" trains and extending "California Zephyr" and perhaps "San Joaquins" to San Jose.**

**Planning is already underway to relocate Oakland passenger facilities from the old, earthquake-devastated and physically isolated Southern Pacific 16th St. Station to Jack London Square, an attractive waterfront commercial area.**

**But nothing is perfect. Although railroad operational problems at Jack London Square appear solveable, the ferry service is negligible, BART (Lake Merrit) is 7 blocks away (the joint Amtrak/BART Richmond station will always be the best transfer), and passengers riding the connecting bus or driving to/from San Francisco will have both a slightly longer trainride and a longer drive. (The old station's one virtue is its proximity to the Bay Bridge.)**

**Hopefully, with Bay Area-based trains serviced in San Jose, through trains (Los Angeles-Seattle "Coast Starlight") would still be fueled and watered during the longer Oakland stop that would remain necessary for mail, baggage, and passengers. The alternatives—a special servicing stop or a lengthened San Jose stop—would add to the train's overall running time.**

### MORE ON AIR MARKETS

**Our August listing of U.S. air markets with the most ridership failed to reflect that U.S. DOT logically considers New York and Newark as a single market; wherever "New York" or "Newark" appeared, "New York/Newark" was intended.**

**Here are the numbers for the 12 months ending Mar. 31, and their growth since calendar year 1981. (Ridership is from a 10% ticket sample, multiplied by 10. Remember: New York = New York plus Newark.)**

| 1990 Rank | City-Pair | Passengers (Millions) 12 mos. ending 3/31/90 | % Growth over 1981 | 1981 Rank |
|---|---|---|---|---|
| 1 | Los Angeles-New York | 3.145 | + 42.9 | 3 |
| 2 | Boston-New York | 3.104 | + 32.5 | 1 |
| 3 | New York-Washington | 2.951 | + 34.0 | 2 |
| 4 | Chicago-New York | 2.485 | + 35.0 | 6 |
| 5 | Miami-New York | 2.342 | + 19.2 | 4 |
| 6 | Dallas-Houston | 2.241 | + 39.3 | 8 |
| 7 | Los Angeles-San Francisco | 2.221 | + 14.2 | 5 |
| 8 | New York-San Francisco | 2.084 | + 55.8 | 9 |
| 9 | Honolulu-Kahului (Maui), HI | 2.027 | +282.1 | 22 |
| 10 | New York-Orlando | 1.765 | +169.5 | 23 |

**The following markets with high-speed rail potential also appeared among aviation's top 45: Chicago-Detroit (#11), Chicago-St. Louis (#21), Dallas-San Antonio (#28), Chicago-Kansas City (#29), Chicago-Minneapolis (#31), Las Vegas-Los Angeles (#38), Dallas-Austin (#41), and Buffalo-New York (#44).**

## *Station Restoration Video*

*—Photo by Michael Forrester*

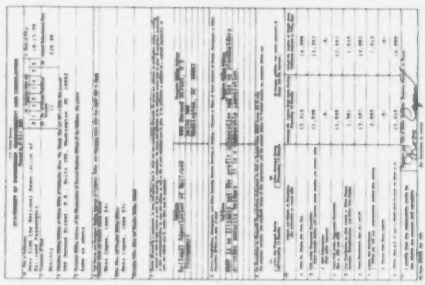
"Rebuilding a Landmark: The Kissimmee Train Station Restoration" shows the steps taken by citizens of that Florida community during the restoration project which ended in 1988. The information on this video could prove helpful to citizens in other communities which have train stations in need of rebuilding or restoration. Kissimmee is served by Amtrak's "Silver Meteor" and "Silver Star."

Produced by NARP Director Michael Forrester, a Kissimmee resident who was involved in the station project, the 7-min. video is available for $12.95, postpaid, by writing "Train Station Video"; P.O. Box 421901N; Kissimmee, FL 34742. Also included is a 5-page written outline of the project. A portion of the proceeds will go to NARP affiliate Florida Coalition of Rail Passengers. ■

## *Trains to "Wonderland"*

*Trains of Discovery*, a book by NARP Member and Former Dir. Alfred Runte of Seattle, outlines the pivotal role of the western railroads in developing the concept of national parks. A revised edition was published this year, with a new chapter on the Grand Canyon Railway (*NARP News*, Sep. '89, Travelers' Advisory), which marked its first anniversary Sep. 17.

The $16.95 book is 80 pages with color and B&W illustrations but is available to NARP members for $11.95 plus $2 shipping. Make $13.95 checks payable to Roberts Rinehart, Inc.; P.O. Box 666; Niwot, CO 80544-0666; 303/652-2921. ■



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# A Penny for Amtrak

## A New Amtrak Law!

The process of enacting HR 5075, the "Amtrak Reauthorization and Improvement Act of 1990," showed strong congressional support for Amtrak and its expansion. But only time will tell if President Bush's signature meant a shift in his view of Amtrak to be followed by cooperation in the development of the appropriations bill that determines how much money Amtrak will actually get next year. (The House has already passed its FY '91 appropriations bill; see separate story.)

Bush may have signed HR 5075—now Public Law 101-322—to kill the freight railroad regulatory provision (see John Martin's May 17 letter) cited as the basis for his May 24 veto of HR 2364, the first version of the Amtrak bill Congress passed. The White House seemed to hate that provision more than it loved Amtrak; the White House promise to sign an Amtrak bill and not fight over its dollar amounts came with an "if-you'll-get-rid-of-the-ICC-provision" caveat.

**A HOPE WE ALL SHARE!**

**"I trust that the President's explicit statement that he will support this Amtrak reauthorization bill signals a 180-degree turn in the administration's thinking toward Amtrak . . . We hope (this) means that we can look forward to working with the administration from here on out to continue the excellent progress Amtrak has made in the past decade."**

*Rep. Thomas A. Luken (D-OH), Chairman, House Energy & Commerce Subcomm. on Transportation & Hazardous Materials, June 25 House floor statement*

The Senate sustained the veto of HR 2364 on June 12 just before the President's birthday party began. Sen. J. James Exon (D-NE)—suggesting this may have influenced some votes—said, "I hope that we can get back to not what is nice for a party, but what is right for America."

HR 2364 fell just 2 senators short of becoming the first law to be enacted over a Bush veto. (Reports referring to 3 votes reflected Senate Majority Leader George Mitchell's (D-ME) last-minute switch, which preserved his right to call for another vote—a right he never exercised, since a different outcome never seemed likely.)

To underline their support for Amtrak—and perhaps to

*(Continued on page 2)*

## Support Grows for Amtrak Capital Gas Tax Penny

### Riley, Newspapers Favor the Idea

Due largely to Amtrak's strong financial performance, the concept of earmarking a federal gasoline-tax penny for Amtrak capital expenses is rapidly moving towards the mainstream of Capitol Hill debate. Early indications are that some of Amtrak's many friends on the House Ways and Means Committee like the idea.

In his Apr. 21 address to NARP's Board, John H. Riley—Federal Railroad Administrator (1983-89) under Pres. Reagan—endorsed the Amtrak "gas tax penny." A day earlier, Federal Railroad Administrator Gil Carmichael told the Board: "We're not for it or against it; we're just listening . . . "

Significantly, Transportation Secretary Skinner's policy says "The Federal commitment to spending user charges for *transportation* purposes does not necessarily mean that trust fund revenues must be used only on the mode from which they were collected." [Emphasis added.]

An Amtrak penny could help reduce the deficit without breaking the politically popular relationship between user fees and transportation. The "Ampenny" would replace general revenues now devoted to Amtrak capital and—by permitting increased capital spending—would reduce Amtrak's operating subsidy needs.

Also, as Claytor wrote in the May-June, '89, *Private Varnish*, "Increased use of Amtrak and mass transit will ease the pressure to build new roads and the ground transportation networks necessary to support new airports."

Key passages from recent editorials supporting the "Ampenny" (for full texts, send NARP an s.a.s.e.):

- Atlanta *Journal*, Apr. 3: "[Claytor] advocates allocating one cent of any future federal gasoline tax increase to Amtrak. We don't see the need for such an increase, but a penny for rails makes sense."
- Baltimore, MD *Sun*, Apr. 24: "If Congress decides to raise the gasoline tax to help pay for a much-needed overhaul

of the nation's transportation infrastructure, it could take care of Amtrak's capital requirements by dedicating one penny of the tax to the railroad . . . . Given Amtrak's impressive improvements, the railroad deserves Washington's support."

● Fayetteville, NC *Times*, Mar. 22: "Using federal (and state) gasoline revenues for investing in Amtrak's role for the 21st century would be a sound public policy, paying rich dividends for millions of Americans in an adequate, affordable, safe, environmentally-sound transportation resource."

● Fayetteville, NC *Observer*, Mar. 21: "Devoting a fraction of a gas tax increase to Amtrak is clearly in the nation's interest."

● Lynn, MA *Item*, May 17: ". . . We think (Amtrak) should get (support) from Washington, and that an appropriate method would be through a rise in the gasoline tax. In saving wear and tear on the non-train part of our transportation infrastructure, and in controlling air pollution, Amtrak has justified this public expenditure."

● Portland, ME *Press Herald*, Apr. 30: "Sooner or later Congress will raise the gasoline tax. When it does some of those tax dollars should be earmarked for upgrading and expanding Amtrak service. After all, the better the service, the greater the number of people who will ride the rails. That's the kind of sensible environmental and fuel-efficient policy that government ought to encourage."

● Portland, OR *Oregonian*, Apr. 11: "Call it revenue enhancement, a user-fee increase or whatever, investing just one cent of any new gasoline tax adjustment in Amtrak would help the railroad move further toward ending the taxpayer subsidy of its operations, would add desirable and necessary service, and would return safety, environmental and energy-conservation benefits."

● Providence, RI *Journal-Bulletin*, May 14: ". . . Amtrak has also saved the nation much fuel and money: It's far more energy-efficient to carry several hundred people on a train than put them in automobiles. And it's cheaper to maintain train lines than superhighways, which require constant, massive rebuilding . . . . Dedicating a penny or two from the gasoline tax to Amtrak would be a good way to achieve a healthier transportation system."

Private financing is good, but Amtrak—like any corporation —cannot take on debt endlessly. Costly interest payments would overinflate Amtrak's operating costs. The "Ampenny" is an idea whose time is coming; your letters to legislators can help speed it up! ■

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**Correction: At our new address from Aug. 1, the hotline will be available** *around the clock* **at 202/408-8331.**

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## NEW AMTRAK LAW *(continued from page 1)*

make clear to the President the importance of his signing the next Amtrak bill—20 of the 35 Republicans who voted to sustain the veto promptly cosigned a new authorization by Conrad Burns (R-MT) identical to HR 2364 except for removal of the ICC provision.

There were 2 major arguments for overriding the veto: the length of time House approval of a new bill might have taken (see "thanks" box), and the fact that the ICC provision itself was a good one, given the potential impact of leveraged buy-outs in the railroad industry. In the event, the House acted quickly.

### Amtrak's "Homework" in the New Law

P.L. 101-322 differed from HR 2364 in 3 respects: the ICC provision was gone and Amtrak was directed to report to Congress:

● "by June 1, 1991, on its plan to eliminate its need for Federal operating support by the year 2000. The report should include a discussion of the actions that could be taken to enhance revenues, to control costs, and to improve productivity and efficiency of operations, as well as an estimate of the capital investment need to take such actions"; and

● by July 6, 1992, on "the economic feasibility of providing new service, if such service will have the potential of covering the operating costs associated with such service, to areas not served by [Amtrak] as of [July 6, 1990]."

P.L. 101-322 retains HR 2364's studies of Iowa (see box) and Seattle-Vancouver services. Amtrak "shall cooperate with the efforts of the Washington State Dept. of Transportation in designing and carrying out a study of the feasibility of reestablishing" Seattle-Vancouver service (formerly operated there 1972-81).

Anticipating this law, a Seattle-Vancouver inspection train ran Aug. 11, 1989. Capital costs needed to start the service were found to be low (about $60,000), but Amtrak found that additional equipment would be needed, that operating costs on Burlington Northern within Canada could be high and that—under present track conditions—up to 5 hours would be needed for the 156-mile trip. In March the State of Washington approved $500,000 over the next 2 years for intercity rail passenger projects, but has not formally requested "403b" service.

### Money

For Fiscal Years 1989-92, P.L. 101-322 has funding ceilings of $630 mill., $656 mill., $684 mill., and $712 mill. (Appropriations determine actual funding: Amtrak got $584 mill. in FY '89; $604.7 mill. in FY '90.)

Perhaps the most important funding impact of the new law is the roughly $17 mill. in 1989-90 Railroad Unemployment

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### THANK YOU, MESSRS. CHAIRMEN!

**"I would like to take a moment to express my sincere gratitude to the chairman of the Committee on Ways and Means [Dan Rostenkowski, D-IL], to the chairman of the Committee on Public Works and Transportation [Glenn Anderson, D-CA], to the chairman of the Committee on the Judiciary [Jack Brooks, D-TX], and thank them for their cooperation in bringing this matter to the floor so quickly. Most importantly, I want to thank the chairman of the Committee on Energy and Commerce [John D. Dingell, D-MI], for his unwavering support of our efforts to include a commuter rail provision within this Amtrak [reauthorization], and to [Rep. Luken] who of course was critical, as well, as to the outcome.**

**"After the divisive fight over what I view to be the ill-advised veto of the first Amtrak bill, bringing this legislation forward could have been a very difficult task. Indeed, particularly given the concurrent jurisdiction of 4 major committees, there were those who were willing to lay odds and give bets around here that it would become almost impossible if not virtually impossible. Instead, we have experienced nothing but bipartisan cooperation and comity in the finest tradition of this historic body. For that, all of northern Virginia's battle-weary commuters are grateful, and particularly this Member is, and will continue to be, grateful to all those that I have mentioned before and to the other Members of this body who have been so generous in their support of this measure . . . ."**

*—Rep. Stan Parris (R-VA), June 25 House floor statement*

**LONG ROAD TO REAUTHORIZATION**

- **Feb. 28, 1989—Sen. James Exon (D-NE) introduces a bill.**
- **Sep. 25—House passes H.R. 2364 by 296-93 margin (roll call in Feb. '90 *News*).**
- **Nov. 22—Senate passed H.R. 2364 by voice vote.**
- **May 1, 1990—House-Senate conferees reach agreement under threat of veto.**
- **May 9—House passes conferees' bill, 322-93.**
- **May 10—Senate passes conferees' bill by unanimous consent.**
- **May 24—President Bush vetoes H.R. 2364.**
- **June 7—House overrides veto, 294-123.**
- **June 12—Senate sustains veto, 64-36 (see lead story—re Sen. Mitchell's vote—and John Martin's June 18 letter).**
- **June 25—House and Senate pass H.R. 5075 on voice votes.**
- **July 6—President Bush's signature makes it P.L. 101-322.**

Insurance payments Amtrak saves this year—a savings Amtrak assumed in this year's budget, which is very tight due to lower-than-projected revenues (result of the soft economy also hurting airlines and others). (See box on p. 4.)

**Virginia Rail Express**

An agreement with Conrail was the last obstacle to startup of Washington-Northern Virginia commuter rail service. P.L. 101-322 protects Conrail from "all claims" by requiring Virginia Rail Express (VRE) to carry liability insurance of at least $200 mill. and prohibits the awarding of claims in excess of that coverage.

VRE trains will use just 2.1 miles of Conrail track, including the Potomac River bridge. Service from Fredericksburg and Manassas is to start in the fall of 1991. This provision allows VRE to serve Washington Union Station and a new stop at L'Enfant Plaza.

Without the liability provision, trains would have terminated at Crystal City, forcing Washington-bound commuters to switch to Metro at Alexandria and cutting projected daily ridership from 8,000 to 5,400.

Because of an approaching deadline on VRE's option to purchase the 10 additional coaches (for a total of 30) needed to handle the larger projection, VRE was desperate to have the liability provision enacted by early July—and it was!

**Special thanks, Sen. Charles S. Robb (D-VA), for getting the "liability ball" rolling and working hard all the way!**

**Double Taxation**

With P.L. 101-322, rail and motor carrier transportation workers pay state income taxes *only* to their state of residence. Before, employees also paid taxes to certain states through which they passed on the job.

**Funds for Similar Purposes**

Last year the former Chicago, Missouri and Western Railway wished to sell some track to raise funds for repairing other trackage. But the track it wanted to sell had been repaired with a government loan and any sales proceeds would have gone back to the government. With P.L. 101-322, a railroad can use these proceeds to fund such projects of similar purpose.

**The ICC Takeover Provision That Died**

In a July 9 letter to Rhode Island ARP Chairman Steven H. Musen, Sen. John H. Chafee (R-RI) said currently the "ICC may examine the issuance of securities or the assumption of an obligation or liability by a railroad to finance a non-carrier's acquisition . . . . What the law should not do is *mandate* that the ICC evaluate the financing, control, and related details of a transaction when *neither* a merger *nor* railroad financing is involved."

But railroads may remain vulnerable to financially-shaky takeovers where the type of securities issued meets the letter but not the spirit of the law. Congress, however, is unlikely to consider this provision again this year. ■

**AMTRAK TO CENTRAL IOWA, WYOMING?**

**P.L. 101-322 requires Amtrak to give Congress by Jan. 6, 1991, a "detailed report" on its evaluation of "the short-term and long-term revenue and cost implications of separating the existing California Zephyr-Desert Wind-Pioneer train into 2 service routes serving separate western destinations via a southern route and a central route through Iowa."**

**Before the House passed HR 5075 by voice vote on June 25, Rep. Thomas Tauke (R-IA) called this study "of keen interest to the people of Iowa . . . I am confident that this study will demonstrate the substantial economic benefits of creating a new Pioneer route to connect Chicago and Seattle. This new route will enable Amtrak to provide more timely service to cities along Amtrak's California Zephyr and Desert Wind routes. And it will bring Amtrak service to portions of my State which recently lost intercity bus service."**

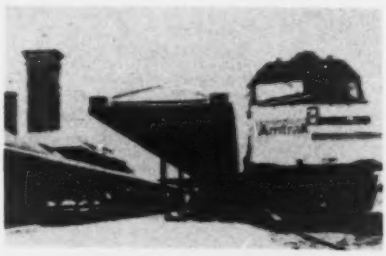
**"More timely service" presumably means that the eastbound "Zephyr" would no longer be delayed in Salt Lake City by waits for the "Pioneer," which would run as a separate train across southern Wyoming, bypassing Salt Lake City (except for a feeder bus?) but not Denver, and running Omaha-Chicago on the Chicago and North Western across more populous central Iowa, including Ames, Cedar Rapids, and Clinton.**

**[A page one story in the July 5 *Washington Post* said Clinton paid little attention to its recent loss of Greyhound service and is focussing civic efforts on restoration of passenger train and scheduled air service. The story ran with a photo of Clinton City Administrator George Langmack standing in front of the C&NW station. The story suggested that development of rural on-call van systems (16 in Iowa, 1,140 nationwide) helps explain why Greyhound route cuts have provoked so little protest.]**

**In 1987, Amtrak studied moving the *entire* existing train to the C&NW but decided that projected revenues and cost savings did not justify the move. But C&NW communities were excited by the prospect of having Amtrak service, just as southern Iowa points who now have service were aghast at the idea of losing it. Splitting the long and crowded train would please both camps—and the on-board employees.**

**P.L. 101-322 doesn't specifically mention Wyoming, but it is unlikely Amtrak would try to run 2 separate trains over the Rockies. One advantage of running the "Pioneer" on the faster Wyoming route is the eastbound train could depart Seattle later than the present 6 AM and still make present 3rd-day East Coast connections in Chicago. Moreover, the new House appropriations bill (see p. 4) requires the Federal Railroad Administration (FRA) to study reestablishment of Amtrak service in Wyoming.**

**PORTLAND CANOPY, TRACKS THREATENED**



—Photo by Rod Aho

**To facilitate real estate development near the Portland (OR) station, the city's development commission (PDC) wants to remove 2 platform tracks, one of 2 south approach tracks, and the outer of 2 remaining historic (1904) platform canopies (next to locomotive above). A lawsuit filed in U.S. District Court by the Oregon Assn. of Railway Passengers et al temporarily blocked demolition; a court hearing was set for July 23. OreARP and NARP asked Amtrak —whose initial comments were directed solely at then-current timetable needs—to make clear the scheme's impact on long-term expansion; Amtrak followed up with a strong July 5 letter to Mayor J.E. "Bud" Clark.**

## *Appropriations Process Off To Rousing Start*

By a vote of 385 to 31 the House on July 12 passed its transportation appropriations bill for FY '91 (which begins Oct. 1, 1990). H.R. 5229 has relatively generous funding levels for most programs except the Northeast Corridor Improvement Program, with Amtrak funding organized to identify costs that Subcommittee Chairman William Lehman (D-FL) said "unfairly inflate Amtrak's true subsidy needs."

Rep Lawrence Coughlin (R-PA), ranking subcommittee member, said the bill "shows what we can do when given adequate funding and fulfills our duty to bring out a bill" within the required budget target.

But, said Coughlin, "we probably will never have as generous an . . . allocation [from the Budget Committee] again." Indeed, final figures for FY '91 are likely to be much lower. As Coughlin noted, "we probably will not be able to keep [these levels] after the budget summit."

H.R. 5229 might be an effort to protect programs from big percentage cuts, but Amtrak would die nonetheless with the 38.4% automatic cut Budget Dir. Richard Darman said would hit most domestic programs if the budget summit fails. H.R. 5229 is written so that capital and operating funds would be cut by the same percentage; there would be no opportunity to salvage a workable operating budget as in the past by cutting capital more.

Key items in the bill:

- Amtrak funding, on an "apples-and-apples" basis, would rise 4.5% to $632 mill. vs. this year's $604.7 mill. (see box).
- NECIP: $16 mill. (34% below this year's $24.4 mill.). The committee report says this is "for the procurement of 2 trainsets of dual-propulsion locomotives" intended to eliminate the New Haven engine-change and speed up some Boston-New York schedules. H.R. 5229 funds no other projects, such as extension of Centralized Electric Traffic Control (now operating Washington-Wilmington), whose costs are to be jointly shared with transit authorities in Pennsylvania and New Jersey. (The Senate subcommittee, chaired by Frank R. Lautenberg, D-NJ, is likely to change this.)
- Magnetic Levitation: $12 mill. "for use by the [maglev] interagency committee [DOT chairs] to explore the feasibility of a stepped up U.S. effort leading to a competitive program to develop a standard U.S. maglev technology."

Some of this money *should* go to *rail*. The report acknowledges maglev "has yet to be proven in commercial application" and "directs the Secretary to make every effort to demonstrate the feasibility of introducing Very High Speed Rail to the U.S."

- $3.5 mill. in low-interest (4%) loans, to be matched dollar-for-dollar by Illinois, to install welded rail on the Chicago-St. Louis line (Joliet-Granite City).
- H.R. 5229 provides the legislative authority FRA needs to award $400,000 to Amtrak to "research alternate means of access to trains from stations with low platforms, including use of lifts, ramps and other devices that can ensure safe access." (The funds were included in the FY '90 bill.)
- Mass transit: $3.204 bill., which would be a 5.1% increase from this year's $3.048 bill. appropriation.
- Aviation: $8.17 bill., a 14.8% increase but still 1.3% below the President's request.
- Federal Highway Admin.: $16.3 bill. "program level," up 8.8% from this year's $15 bill.

**Homework for DOT, Due Jan. 15, 1991**

- By Jan. 15, 1991, DOT is to give to both appropriations committees a report "which explains the Administration's position and plans for expanding the use of Amtrak for federal business travel beginning in" FY 1991. (The General Services Administration "recently awarded the Washington-to-New York and Washington-to-Newark city pairs for mandated federal employee travel to airlines, even though Amtrak's bid was lower.")
- FRA, in consultation with Amtrak, is to "submit a study on the feasibility of adding" Amtrak service "through southern Wyoming as an alternative to the existing [Seattle-Chicago] Pioneer . . . . The study should include . . . an estimate of the State of Wyoming's share of providing service through section 403(b) funding."
- FRA, in consultation with Amtrak, is to "submit a cost analysis study of the feasibility of establishing [Amtrak] service between Jacksonville and New Orleans."

*The Senate Appropriations Subcommittee on Transportation was expected to mark up its bill in late July.* ■

**AMTRAK'S "FAIR" COSTS**

**Amtrak's operating/capital grant in H.R. 5229 is $482 mill. ($632 mill. less $150 mill. discussed below), of which $138.9 mill. is earmarked for capital.**

**To highlight the fact that "Amtrak's real cost to the federal taxpayer" is less than previous funding bills have suggested, H.R. 5229 puts $150 mill. "in a separate [line item] for FRA to make certain payments on behalf of Amtrak to the Railroad Retirement (RRR) Trust Account and the Railroad Unemployment Insurance Account (RUIA)," expenses formerly covered by Amtrak grants. The old practice "unfairly inflated Amtrak's true subsidy needs, since these expenses are merely passed on by Amtrak as a subsidy for the freight railroads" (Chairman Lehman's July 12 floor statement; send us an s.a.s.e. for more info.)**

**The committee report says Amtrak's revenue-to-cost ratio is 84% absent the unfair portions of RRR and RUIA.**

February 27, 1991

The Honorable Richard A. Gephardt
Attention: Mr. Ken House
9959 Gravois Street
St. Louis, Missouri 63123

Re: Statement of Madison County Transit District
Congressional Hearing on Reauthorization of the
Surface Transportation Program
March 1, 1991

Dear Congressman Gephardt:

My name is Nelson Hagnauer, and I am the Chairman of the Madison County Metro-East Transit District. Madison County Transit is the primary provider of local and express bus services, and vanpool services for the quarter of a million residents of Madison County, Illinois. MCT-sponsored services operate in both urban and rural areas of the St. Louis-Metro East metropolitan area, including the Alton small urbanized area.

I am here today to urge you and your colleagues in the House and Senate to make several important adjustments in the Administration's proposal of the five year budget authorization for the nation's Surface Transportation Program prior to passage. Madison County Transit Board of Trustees strongly encourages the adoption of a balanced surface transportation authorization which is fully cognizant of the present economic and energy realities facing us in the 1990's.



One Transit Way P.O. Box 7500 Granite City, IL 62040-7500 800-647-7433 618-797-0880

The level of transit service in the Bi-State region suffered considerably during the 1980's. The decreased Federal commitment to mass transit was a major factor contributing to this problem. The State of Illinois has committed resources to mitigate the loss of federal funds; however, it is impractical to think that any state alone can solve the transportation and energy problems of an entire nation. Therefore, the Administration's proposal to freeze the annual transit authorization for the next five years while increasing the highway authorization by 39% is not acceptable and needs to be brought into a more acceptable balance by the Congress.

Maintenance and reconstruction of existing roads and particularly the aging bridges that span the Mississippi River are extremely important to the residents and businesses of Madison County. Yet, we also recognize that too many Madison County residents are entirely dependent on their automobiles and foreign oil for 100 percent of their transportation needs because of the lack of an effective transit alternative. A relatively high percentage of our residents commute to other parts of the metropolitan area for their livelihood. We, at the local level, hear increasingly from these people that faster and more efficient transit services are needed in Madison County and throughout the metropolitan region.

Our Board members agree that the two keys to effective surface transportation in Madison County are: (1) the replacement of the deteriorating McKinley Bridge; and, (2) a high speed transit

system for commuters which might make use of the new bridge in the future. We, therefore, urge the Congress to adopt a Surface Transportation Program that places appropriate emphasis on maintenance and reconstruction of existing bridges and highways on one hand, and the expansion of regional transit systems on the other, using technology that is sensitive to growing public concerns over fluctuating gasoline prices and our deteriorating environment.

In addition to financial stress that would be placed on the St. Louis-Metro East regional transportation network by the passage of the Administration's proposal as is, we should also be concerned about pressure put on the regional planning process by forcing more intense competition among the local participants in the region for such limited transit funding. This would occur precisely at the time when better cooperation is necessary to assure that resources are spent wisely and an effective regional system is created.

Allow me to offer a couple of specific examples. The St. Louis Metropolitan area is presently constructing a light rail transit starter line as the first step in the process of rebuilding its regional transit network. This new Metro Link service will connect St. Clair and St. Louis Counties. Already there is talk of expansion which would determine additional LRT corridors through the next thirty years and beyond. Madison County is being left out of these regional plans to date, because of a long project "wish list" and short funding base. At the same time we

are hearing concerns that Madison County is not supportive of an effective regional system, which is not the case.

Another example is the condition of the McKinley Bridge, the only direct link between Madison County and the City of St. Louis. Although the bridge will soon be one hundred years old and is in very poor condition, there is as yet no regional commitment to replace the McKinley Bridge. Residents and businesses of Madison County are concerned about the negative impacts on energy consumption, economic development, and travel time that the closing of this vital link might pose in the very near future.

For these reasons, the Madison County Transit District supports congressional initiative to emphasize maintenance of the bridges and roads and expansion of transit systems in the FY 92 - FY 96 Surface Transportation Program authorization.

Specifically, the Madison County Transit District urges the Congress to pass a Surface Transportation Program with the following provisions:

- A five year authorization which increases the present $3.3 billion annual transit program by a percentage at least equal to the 39% increase proposed for the highway program.

- An increase in the Section 3 discretionary grant program rather than the draconian cut proposed by the

**Administration**. This program will be critical for Madison County to be incorporated into the region's plans for an effective high speed transit network.

- **No built-in bias in favor of highway projects through higher federal share commitments**. We believe that the Administrations's proposal to set a 75% Federal share commitment for highway projects and a 50%-60% commitment to transit projects will encourage states and localities to choose highway options to maximize federal dollars rather than effectiveness. This is exceptionally disturbing, given the recent events in the Middle East which should have taught the Administration to develop an energy policy that would reduce our dependance on foreign oil. Therefore, the Federal share commitment for all transit projects should not be reduced below 75%.

- **No elimination of federal operating assistance urbanized areas above one million people**. We feel that encouraging transit use in America's larger and more densely populated areas will have an positive effect on the nation's air quality and congestion management objectives.

- **Continuation of designated recipient status for small urban areas with population under 200,000 persons**.

The Madison County Transit District fully supports passage of a Surface Transportation Program which will insure both the development of a balanced regional transportation system for the St. Louis-Metro East region and national energy independence. We urge the Congress to work with the President to help us recover the ground lost in the 1980's and prepare the nation's transportation system for the challenges of the twenty-first century.

Thank you very much.

Sincerely,

Nelson Hagnauer

Nelson Hagnauer, Chairman
Madison County Transit District

Testimony of James Pona, AICP, Representing Gateway Trailnet, and the Open Space Council of St. Louis, Before Congressman Gephardt

March 1, 1991

(The following testimony is also given on behalf of the Open Space Council of St. Louis.)

My name is James Pona. I am a Vice President of Gateway Trailnet, Inc., and a board member of the Open Space Council of St. Louis. Trailnet is a citizens' organization of more than 300 members which promotes the development and preservation of multi-purpose trails and greenways. The Open Space Council is a large organization dedicated to the conservation of many forms of open space. On behalf of both organizations, I would like to thank you for inviting me here today to talk about our transportation needs and challenges.

In delivering this testimony, I am also representing the Surface Tranportation Policy Project, a broadly based national network of concerned organizations involved in issues of transportation, energy, environment, planning, design, and community preservation. Trailnet is one of more than one hundred organizations that are participating in the Project with the goal of ensuring that federal support for transportation promotes the attainment of our national goals of energy security, environmental quality, a strong economy, and enhanced communities.

Project participants believe that a strong continued federal role in transportation is vital to our national interests. With the Interstate System almost complete, however, we believe that it is time to re-evaluate our approach to transportation.

Current federal policies and investments focused almost exclusively on interstate commerce have produced a high-quality interstate road system that connects all major economic centers and other points of national significance such as defense installations and national parks. Rural America has been linked to commercial centers and all of our major urban centers are connected to each other.

But we are also experiencing:

* Deteriorating transportation infrastructure - both highway and rail

* Severe urban congestion that is limiting economic productivity

* Air and water quality problems that threaten the health and welfare of millions of urban residents

* A high level of dependency on foreign oil that is compromising national security and our economy

* The large scale destruction of productive farm land and forests

* A traffic safety problem that threatens motorists, pedestrians, and bicyclists alike

Unfortunately, these things also must be considered a legacy of our national transport policy of the last forty years. If we want to address these problems for our children, we must look to new ways of doing things.

The Bush Administration has recently announced its legislative proposals for highways and transit. These proposals fail to address key national interests in a number of ways:

* Despite the President's stated commitment to energy conservation and energy efficiency, this bill proposes a consumption based formula for allocation of federal highway dollars - the more fuel it consumes, the more federal highway money a state would get. Conversely, if a state takes steps to reduce fuel consumption through gasoline taxes, high occupancy vehicle lanes (HOV's) or increased transit, it would lose highway funding.

* Despite the President's leadership on Clean Air Act legislation last year, this proposal does not guarantee adequate resources for urban areas to address their air quality problems.

Despite the administration's purported commitment to funding flexibility across transportation modes, transit investments continue to be underfunded, while highway funds are increased substantially. Rather than leveling the playing field for transit and highways, the Administration's proposal exacerbates current inequities.

Despite the critical impact transportation investments have on energy consumption, clean air, and federal expenditures, nothing in the proposed bill would require the states to evaluate their transportation investments in terms of cost effectiveness, energy efficiency, or air quality impacts.

Unfortunately, the Administration's bill, if enacted, perpetuates transportation's increasing consumption of oil and reverses the nation's priorities: it would weaken our national energy security and aggravate the air quality problems of our cities.

While we at Trailnet, the Open Space Council, and the Project are deeply concerned about the Administrations's bill, we do find that the proposed legislation opens the door to some useful concepts. Thee are several provisions that I believe should be considered and their application broadened as you and your colleagues consider new transit and highway legislation. These include:

* A higher federal match (90%) for system preservation (3R) and demand management strategies, including HOV facilities, than for new capacity (75%).

* The ability of state and local governments to use funds in the proposed Urban/Rural highway program for any type of transportation investment - capital or operating, transit or highway.

* Establishing the need for certain state plans. Under current federal law, over $150 million is provided for planning at the state level, but no plan is required. We need a comprehensive transportation plan at the state level that is directed toward the attainment of national goals and that fully reflects the required metropolitan plans.

* Allowing states and localities to devote more federal funds to planning. The Clean Air Amendments of 1990 have many new requirements. In addition, new urbanized areas must now be factored into the same

metropolitan planning pot. Better models are also needed to help manage our transportation systems. With all of these imperatives, an increased level of funding is essential. We believe that the present set-asides, especially for metropolitan planning are wholly inadequate and that the minimum amount for planning should be increased.

* Increasing the emphasis in state and metropolitan plans on congestion strategies and, in metropolitan plans, on coordination of land use and air quality plans with transportation planning and development.

The Surface Transportation Assistance Act should support a well-maintained, diverse transportation system that advances the national interest in a clean environment, more efficient energy use, a sound national economy, and healthy communities. The Act can and should encourage the integration of transportation planning into planning at all levels of government and encourage state and local governments to better manage all transportation systems. We should not have a national program that directly encourages urban sprawl that then demands more infrastructure investments and makes obsolete many existing systems.

The old approach of dictating transportation solutions by modal funding restrictions will not help states and localities address the litany of problems cited earlier. Federal laws make states and localities responsible for solving the many energy, environmental, and health problems that face our region today. Federal transportation funds should be a tool to help - not hinder - us in addressing these issues.

Again, on behalf of Trailnet and the Open Space Council, I want to thank you for giving me the opportunity today to talk about this important subject. With your permission, I would like to submit for the record with my testimony, the Statement of Purpose of the Surface Transportation Policy Project.

Edward Penn, AICP

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THE OPEN SPACE COUNCIL
FOR THE SAINT LOUIS REGION

# SURFACE TRANSPORTATION POLICY PROJECT

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**HOST ORGANIZATION**

National Trust for Historic Preservation
J. Jackson Walker, President

REVISED January 31, 1991

## Statement of Purpose

A healthy transportation system is vital to our national health, no less than a healthy circulatory system is vital to our personal health. A strong, balanced, and inter-connected system of rail, highway, transit, air, water, bicycle and pedestrian facilities supports a strong, balanced and efficient domestic economy while also improving our ability to compete in international markets. Transportation stands in the front rank of issues requiring focused and informed national debate.

Unfortunately, national transportation policy is rarely discussed in the public arena. It gains attention only when gas taxes go up, a bridge collapses, a train derails or congestion becomes unbearable. Basic principles aren't addressed: only the immediate problem. The recent policy review conducted by the U.S. Secretary of Transportation, entitled "Moving America," is a welcome first step in framing the much- needed transportation debate. However, it fails to address the basic question: "What is our essential transportation mission?" Not since 1956, when Congress declared the construction of a 42,500-mile interstate and defense highway system as a national mission, has this fundamental question been posed.

The interstate system is now more than 99% complete. It is time, again, to take stock of our national transportation mission. Unless a new, clear federal role in the delivery of transportation services is identified no continued federal-aid program for surface transportation is justified. The scheduled reauthorization of the Surface Transportation Act (STAA) in 1991 adds urgency to this policy.

The STPP believes that a strong continued federal role in transportation is both justified and vital to our national interests. The time has arrived for broad public debate on national transportation policy. The purpose of the Surface Transportation Policy Project (STPP) is (1) to help frame this debate by stating some general principles that, in our judgment, should drive federal transportation policy, (2) to offer some specific program proposals consistent with these principles, (3) to assemble a broad coalition of transportation consumers and providers around these proposals, and (4) to inform public and private debate on national transportation policy. The STPP encourages the participation of every concerned citizen and organization in this effort.

## What is the STPP?

The STPP is a network of organizations and coalitions seeking to make national transportation policy more responsive to people and to better serve the economic, social, and environmental interests of the nation.

Participation is diverse, including both public and private organizations whose primary interests include transportation investment and policy, environmental quality, energy policy, natural resource conservation, design quality, neighborhood and historic preservation, transportation safety and economic efficiency.

The goal of the STPP is to assure that federal support for transportation promotes the attainment of specific national goals. These goals vastly exceed the relatively narrow modal funding objectives reflected in present transportation policy and include national security, clean air, economic competitiveness, energy and resource conservation, minimizing the contribution of transportation to global warming and ozone depletion, safety and enhancement of the quality of life in our neighborhood and communities.

The STPP particularly encourages the participation of existing coalitions in its efforts. It recognizes that transportation services support many needed state, local and private programs and projects as well as national goals. The STPP acknowledges the importance of these objectives. Its sole goal is to identify the common principles underlying these individual objectives and to frame public debate on these principles so that truly national interests are served.

## General Principles

The STPP was formed in the Fall of 1990 and adopted a process for reaching agreement on common principles for public action in transportation. Particular concern was taken to ensure

that these principles were short, few in number, easily understandable, and advanced specific national objectives. While many special interests with significant national ramifications were identified, every effort was made to frame these interests in the context of national policy. From these principles will emerge, it is hoped, broad consensus on the future mission of our national surface transportation program.

These principles are as follows:

Transportation should strengthen national and international economic competitiveness. The most significant transportation-related threat to our national economy and our ability to compete in international markets, besides reliance on imported oil, is congestion. Transportation consumers presently spend almost 1.5 billion hours each year stuck in traffic, and that figure is estimated by the U.S. General Accounting Office to increase to over 4.0 billion early in the 21st century. Congestion means lower productivity. Efficiency improvements that strengthen inter-modal linkages (air, water, truck and rail on the freight side; auto, transit, bicycle and pedestrian access on the passenger side) deserve priority for new investment. Measures that restrain demand (measured in vehicle miles travelled or VMTs) to available system capacity, through such technologies as over-utilized (highway) to under-utilized (rail, transit, bicycle) modes, also deserve priority. Capacity increases, where needed, should be prioritized on a "least life-cycle cost" basis.

Transportation should strengthen, not jeopardize, national security. Approximately 63% of present domestic oil consumption is spent on transportation, 72% if the energy costs of building and maintaining our transportation infrastructure are included. More than 50% of domestic oil consumption is imported. National transportation policy demands debate on the question "At what point does reliance on inherently unstable sources of imported oil jeopardize national security?"

Transportation must be sustainable. Transportation is now depleting two non-renewable resources: fossil fuels and land. Approximately 98% of our public and private transportation fleet is presently propelled by fossil fuels. In fifty years few, if any, motor vehicles will operate exclusively on fossil fuels. The United States should lead, not follow, the transition to new fuel technologies. Equally important, transportation infrastructure is consuming land at an enormous rate. Over 40% of the land mass in several of our major cities is devoted to streets and parking lots. Sprawl development patterns, driven by transportation investments, are devouring our suburban and rural areas. Transportation and land planning must be integrated at the regional and local levels to develop balanced, sustainable transportation systems.

Transportation services must promote, not inhibit, clean air goals. While tailpipe emission controls have lowered pollution from cars and trucks, increases in total driving (VMT) have overwhelmed these improvements, particularly in congested urban areas. Achievement of national clean air goals requires a significant shift to non-polluting modes, plus a cap on VMT growth.

Transportation should enhance the quality of life. In addition to national goals, community-based goals such as access to jobs and housing, safety, community and neighborhood revitalization, aesthetics, protection of natural, cultural, and historic sites, and access to public transportation for all people are important transportation goals in both urban and rural areas. Regional transportation planning agencies presently lack the funds, and the authority, to both articulate and implement regional quality of life goals. A new balance needs to be struck among state, local, and regional interests to ensure public support for these goals and strategies and for their implementation.

Federal transportation investments should advance explicit national interests. Investments that do not further such interest should be eliminated. Transportation should not be a revenue-sharing program where the federal government acts only as a cashbox, taking funds in through motor fuel and excise taxes and subsidizing federal-aid projects for no particular federal purpose. A clear federal mission is required. A system of accounts should be developed that measures these public benefits and public costs of federal-aid transportation investments measured in both dollars and deferred maintenance, pollution, destruction of habitat, contribution to global warming and ozone depletion, contribution to global warming and ozone depletion, generation of hazardous wastes, health costs, police and security costs, and other presently externalized costs of transportation service delivery. If benefits to the nation fail to exceed the costs of these subsidies, no federal participation is justified.

## Conclusion

The STPP will support all efforts to focus public debate on the above-stated principles as transportation policy becomes an increasingly compelling issue of public concern. Activities will include research, briefings, workshops, discussion groups, and other efforts to inform public and private decision-makers at all levels of government of the importance of transportation in the shaping of our nation's future.

The STPP invites the participation of all organizations willing to subscribe to the above-stated principles. Please contact the STPP office for further information on these principles and our program.

The work of the Surface Transportation Policy Project is made possible by grants from the Nathan Cummings Foundation, the Joyce Foundation, James C. Penney Foundation, Inc., the PEW Charitable Trusts, and SURDNA Foundation, Inc.

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**MISSOURI**
**HOUSE OF REPRESENTATIVES**

March 1, 1991

Representative Richard Gephardt
9959 Gravois Road
St. Louis, Mo. 63123

Re: Subcommittee on 1991 Federal Highway Funding Program

Dear Representative Gephardt:

I would request that you submit this letter as written testimony before your subcommittee studying the 1991 Federal Highway Funding Program.

My district lies in south St. Louis County and is penetrated in the northern end by Interstate 255. I also have state road 231 (Telegraph) which is our main artery and which is the feeder for most of the population to I-255.

At the interchange of I-255 and Telegraph there are several congestion and safety problems that need to be addressed. In addition, my district is one of the fastest growing areas and this situation will only get worse.

As you are aware, Missouri has the unenviable position of being among those at the bottom with regard to rankings in roadway and bridge conditions. Also, we recognize the gross need to improve our existing infrastructure and begin new projects. However, the money is not there.

It is understood that Missouri is a major contributor to the Federal Highway Fund in that we contain four (4) major Interstate systems. However, we feel that we do not enjoy a true and accurate return on these funds for our infrastructure.

I would ask this subcommittee to give consideration to the financial contribution the State of Missouri makes to the Federal Highway fund and the obvious need we have for a true and accurate return on the revenue generated.

page two
Representative Richard Gephardt
Subcommittee on 1991 Federal Highway Funding Program

The State of Missouri could benefit greatly by the proposed Congressional Highway Act. We would request 2.5% of the total fund.

I thank you for the opportunity to submit this written testimony and thank you in advance for your cooperation in making certain that it becomes a part of the record of the Subcommittee's hearing.

Very truly yours,

M. Zane Yates

# REAUTHORIZATION OF SURFACE TRANSPORTATION PROGRAMS

TUESDAY, MARCH 19, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SURFACE TRANSPORTATION,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
*Washington, DC.*

The subcommittee met, pursuant to notice, at 9:35 a.m., in room 2167, Rayburn House Office Building, Hon. Norman Y. Mineta (chairman of the subcommittee) presiding.

Mr. MINETA. The Subcommittee on Surface Transportation will please come to order.

This year, Congress and the White House will help rewrite the highway and mass transit map of our Nation for years to come. What we achieve or fail to achieve will have a profound effect on our Nation.

Our purpose is not to just rewrite the Surface Transportation Act. The administration has already set the pace in the legislation that they have sent up to the Hill. Secretary Skinner and his team at DOT have taken title 23 and, as I said, turned it on its end, and I think we ought to follow suit in terms of what the Congress ought to be doing.

One of the other facets of surface transportation law is the whole issue of underfunding or funding. We have seen underfunding in the past, and we do not want to see underfunding of highway and mass transit in the future because that could mean economic suicide in a new world order that increasingly values economic competition more than military confrontation.

I was, to a very great degree, disappointed in the transportation provisions that President Bush put forward in his budget for fiscal year 1992. The President's proposal would redefine the Nation's transportation system by transferring to State governments a greater financial burden of support for the Federal system.

I believe this proposal chips away at the foundation of fairness at the expense of every motorist and transit rider in the Nation. However, the President's proposal does take the first steps toward redefining our policy, steps which will assist us in creating a visionary transportation system for the future.

Studies call for transportation investments of up to $3 trillion during the next 20 years. So we can differ about the final cost, but to me there are no more universal truths than these: First, the needs are there. Secondly, how we spend the money we have is as important as how much money we spend.

In the 1990's, the challenges and responsibilities will be: to maintain the Federal investment in the Federal-aid highway system; to continue broad Federal support for mass transit; and to create transportation partnerships that include Federal, local, State, metropolitan planning organizations, and the private sector.

The only way our transportation network will truly improve in the years ahead is if we put our increasingly scarce Federal dollars where the needs are today and where they must be in the future. That foresight demands not a single strategy but a series of policies that will be responsive to State, regional, and local needs well into the next century.

So today we have a very fine list of witnesses who will be offering their testimony about that vision.

I happen to have a great deal of confidence in the Secretary of Transportation and the team that he has brought together at the Department of Transportation. He has put together a capable team of model administrators, budget and policy people, and so their insights on these issues will be helpful to the committee as we continue on this road to formulate our priorities for the 102nd Congress.

So again, it gives me a great deal of pleasure at this point to yield to our very fine ranking Republican member on the full Committee on Public Works and Transportation. Mr. Shuster had indicated to me that he was going to be down at the White House at this time, and so it is my pleasure and privilege to yield to our very fine colleague from Arkansas, Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you very much, Mr. Chairman.

Mr. Chairman, normally I would just put my remarks in the record as the ranking member of the full committee, but since Bud Shuster did have to go to the White House on a Foreign Affairs Committee and Intelligence Committee briefing, I am going to make a few comments.

Mr. Chairman, today we officially begin the public debate in the 102nd Congress on the serious business that faces the Surface Transportation Subcommittee this year.

As the deadline for expiration of our current surface transportation programs is fast approaching, the subcommittee is already deeply involved in reviewing the important policies involved in a major restructuring of those programs.

The administration has submitted a comprehensive proposal for reauthorizing the highway mass transit and highway safety programs. The administration bill has provided a solid starting point for the work we must complete. Many of its concepts are likely to be embraced in the final product of this committee.

So today is an important beginning to a series of hearings in which we will focus our review on that proposal now introduced in the House as H.R. 1351.

Our witness list today is short on length but certainly not on stature. I would like to commend Dr. Larson, Brian Clymer, and General Curry for the obvious hard work and effort that went into their proposal. The bill is reasonable as well as visionary in its goals to lead our country into the next century.

With such a strong start, I believe with certainty that we can work together with you to ultimately craft a bill on which both the Congress and the President can agree.

AASHTO has played an influential role in the past 4 years to get the States, Federal Government, and industry mobilized for restructuring the post-interstate era. They laid much of the groundwork for the current policy debate in the AASHTO 2020 work. So we are grateful to them for initiating the process that has led us to this historic point.

So I extend a warm welcome to all of you. Mr. Chairman, I look forward to hearing their recommendations, and I appreciate the time. Thank you.

Mr. MINETA. Thank you very much.

We are pleased to have the chairman of the full Committee on Public Works and Transportation, the very energetic, very driving, innovative Congressman, Chairman Bob Roe of New Jersey.

The CHAIRMAN. On that opening remark, I rest my case. [Laughter.]

I want to compliment my good friend, Norman Mineta, chairman of our Surface Transportation Subcommittee, for the outstanding work that he has already done over a long period of time on this committee, and I think we are particularly fortunate to have him as chairman of this committee for his knowledge, background, and ability, and his energy in attempting to get the proper direction we want to go on this transportation.

I share those same comments with John Paul Hammerschmidt, our ranking member, and, of course, the other members that are here.

The President made an eloquent speech at the joint session of the Congress the other night, and he spoke firmly of our country's postwar future. He talked about domestic policy being our centerpiece, with both transportation and energy as being the focal key points of the domestic agenda.

We believe the President was quite right in his observations and his dynamic approach and putting these issues high on the priority list for this hearing and for the work of the Congress this year.

He also made the point, and we make the observation, that the transportation policy and the energy policies of the Nation to be evolved are inextricably related, and it seems to us that when you look over the figures that are available to us, some 67 percent of the energy resources, namely oil, whether it is domestic or international, goes into our transportation program; therefore, transportation and energy are inextricably related, and what we do today and as we do the work in the next 3 or 4 months is going to determine the transportation policies of this country.

I, too, want to join with John Paul and Norman in expressing my high regards to Mr. Larson, Mr. Clymer, and General Curry as our primary opening witnesses today for the extraordinary work they have done in the past and have done on the preparation for this legislation.

On occasion, when legislation has come to the Hill, it has been declared DA, dead on arrival. That is not the case here. There are a lot of good innovative ideas.

However, the Chair would like to make the observations that he feels should be developed, and I hope they are, as to the length of the bill; namely, 5 years we are talking about. We want to talk about flexibility, flexibility as we see it, flexibility for the States to be able to participate as full partners, not to be the partners who pay the bills while the Federal Government makes all the decisions that have to be made.

I hope that when we get into the debate of what shall be allocated from the budget level—and Congress has a responsibility here to provide the resources that are needed—that we will be bold in action, as the committee already has been in their recommendations to the Budget Committee, to be able to carry out the transportation system of the country.

I do not view our hearing today or the transportation proposals to be a continuation of the last great achievements that were made, initiated originally by General Eisenhower, in building a transportation system, namely the interstate system throughout the country. I look at this to be an enormous opportunity, Mr. Chairman, to forge a new direction for the inter-modality transportation system that this country needs to be energy-efficient, and secondly, to be able to put us in a competitive position in a global marketplace as the 1990s unfold.

Again, I want to compliment you, the members of this committee, the ranking member, and all folk that are here, and particularly our witnesses for their fine participation and the services that they have offered to the country in developing this proposal.

I thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Chairman.

Without objection, I would like to submit statements of Congressmen Nick J. Rahall of West Virginia; Glenn Poshard of Illinois; and Bud Cramer of Alabama.

[Mr. Rahall's, Mr. Poshard's, and Mr. Cramer's prepared statements follow:]

STATEMENT OF HON. NICK J. RAHALL, II (D-WV)

Mr. Chairman, I am pleased to welcome our witnesses today from the Federal Highway Administration, UMTA, and the Highway Safety Division of the Department of Transportation, Messrs. Larson, Clymer and Curry.

I commend our Subcommittee Chairman, Mr. Mineta, for beginning these final, but crucial hearings before we begin marking up our reauthorization bills. I regret that my previous commitment to a hearing before my Interior Subcommittee on Mining and Natural Resources kept me from being here as the hearing started this morning.

I will restate the obvious by saying that anticipation of the completion of the national interstate highway system has created quite a stir of interests and efforts to reassess surface transportation infrastructure needs, and by this I refer to both highways and public transit services of such importance to our large urban, small urban, and rural areas throughout the country.

None of us come into this hearing, or begin the reauthorization process unprepared. The Department of Transportation began a three-month long process in 1989 to develop a national transportation strategy. The Administration's bill that resulted from the nationwide initiative by DOT has been introduced by request by our Committee Chairman. There are parts of the bill that will be given serious consideration by this Committee, and other parts that will not.

Last year, the Committee on Public Works held a series of hearings nationwide, as well as in Washington, D.C. to receive testimony on reauthorization of the Federal highway, highway safety and mass transit programs. We have a rather impressive file of recommendations from people at the state, regional and local levels to

draw from in developing our omnibus committee bill. This year, Chairman Roe has held a number of posture hearings on highway and mass transit reauthorization, and our Subcommittee on Investigations and Operations has held oversight on mass transit needs.

Last but not least, AASHTO took the lead in establishing "Transportation 2020," holding hearings in each state to assess national mobility needs. Needless to say, AASHTO has made very credible recommendations to this committee regarding new directions in which we should move in order to bring the nation's highways into the 21st Century.

The Community Transportation Association of America as well as the American Public Transit Association, have been working for months to achieve consensus on necessary changes to the mass transit programs to meet the transportation challenges of the next century.

I, like all Members, intend to seek appropriate, adequate and timely funding for federally-assisted highways in West Virginia, particularly I will again call to attention my strong commitment to having something in this bill that will address the critical issue of energy impacted roads. I am convinced, Mr. Chairman, that if we are to see to the delivery of goods and services to the marketplace, we must make it happen as part of the system of highways of national significance. By that I mean to designate roads that are clearly energy impacted, such as coal-haul roads in my State, so that they can be funded for purposes of upgrading and expansion, and to do it in such a way as to provide funding without taking it out of a state's normal allocation. West Virginia is an energy resource, sitting on 400 years of coal—most of which is low sulphur, clean-burning coal which will be in even greater demand in the coming years. I want to help WV get its coal out of the state and into the marketplace—and WV can't do that on existing roads without serious expansion and upgrading.

I also have an abiding interest in seeing major funding shifts made in the Federal Mass Transit programs, particularly as they affect rural and small urbanized areas. I say this with all due respect and understanding of the needs of Members who represent large urban areas. They must look at mass transit with a view toward addressing massive traffic congestion problems if they are to avoid total gridlock in their large, densely populated areas. But that does not alter the fact that rural areas with both sparse and dense populations have their own unique, unmet transit dependency needs.

That is why I am pleased to have introduced the Mobility Assistance Act, and I take this opportunity to thank the 22 cosponsors of the bill, ten of whom serve on the Public Works Committee. The Mobility Assistance Act, as the Chairman knows, is a bill designated to increase formulas under the mass transit programs for funding rural and small urbanized areas, while at the same time holding large urbanized areas harmless through increased appropriations.

For too long now, Congress has allowed funding for smaller, more isolated regions to lag behind all others, with the result being that more than one-fourth of the nation's small urbanized areas are not served by federally-assisted public transportation, and fully one-third of the nation's transit dependent populations who live outside urbanized areas and are not served either. I urge other Members from the Committee to take a look at H.R. 1079, and to support it by adding your name to a list of growing cosponsors who wish to put an end to rural and small urban isolation from the mainstream of community life as well as intrastate commerce.

Ultimately, I believe that this Committee will be able to forge a consensus on all the issues of transportation embodied in the Federal-Aid Highway/Mass Transit Act during the reauthorization process, and that under the leadership of our Subcommittee Chairman will come as close as it is possible to come in meeting state, regional and local needs with fairness, and through balanced funding.

I will not keep this Committee waiting any longer by extending my statement on the reauthorization process which is beginning today, except to say that I will have questions of the witnesses later in the proceedings.

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### Remarks of Congressman Glenn Poshard

Mr. Chairman, I am glad to be here this morning to hear more about the administration's proposed surface transportation reauthorization. This is a bill which directly affects the daily lives of the vast majority of Americans, and I am glad to be a part of the process.

I am looking forward to hearing from our distinguished witnesses from FwHA and UMTA this morning. I believe that the emphasis on an integrated national

transportation system is vitally needed, and I applaud both the committee and the administration for the work being done to move in that direction.

Coming from a very rural area, I am interested in what our witnesses have to say about rural public transportation programs and their funding in the President's proposal. I'm looking forward to a good hearing, and I appreciate that our witnesses are here before us.

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STATEMENT OF HON. BUD CRAMER OF ALABAMA

I thank the chairman for holding a timely hearing on the authorization of the Federal-Aid Highway, Mass Transit, and Highway Safety Programs beyond fiscal year 1991. I think it is appropriate that this first hearing focus on the budget; on ways to finance the building and maintenance of our surface transportation programs.

I support the budget recommendation submitted by the committee chairman, Mr. Roe and the Surface Transportation Subcommittee chairman, Mr. Mineta, along with the ranking Republican members of the committee and subcommittee, respectively. This budget recommendation acknowledges that the Congress is committed to a major program to invest in the future of America.

The Committee on Public Works and Transportation's role in recommending methods of funding as well as designing the authorization language is integral to our mission of meeting the Nation's infrastructure needs for the 21st century. To meet the proper funding levels and meet our needs I think it is important for us to review the statement of managers in the Omnibus Budget Reconiliation Act of 1990. In that act the Senate receded to House on language that stated, "(I)t is the sense of the House of Representatives that, if any Senate amendment to H.R. 5835 provides for any increase in motor fuels excise taxes * * * then the managers on the part of the House * * * should consider provisions which ensure that an amount equal to the estimated tax payments from any such increases enacted shall be made available in the fiscal year collected for highway * * * purposes." The Omnibus Budget Reconciliation Act of 1990 increased highway fuels excise tax by 5 cents.

As Federal trustees of the highway trust fund, it is only fair that we honestly use the money for which it was originally intended; namely creating and enhancing our national intermodal transportation system. We must be cognizant of our long-term goals and use our funds in a way to meet these goals and not for unintended purposes.

I cannot emphasize strongly enough that the highway trust fund money should be used for its intended purpose. Even though the interstate system is near completion and we are talking in terms of a post-interstate there are still areas of the country that do not have a sufficient interstate system. In my district, for example, there is no east-west interstate. Even though my district is the fastest growing district in Alabama, the lack of a viable roadway has caused less growth than would have been otherwise had there been an east-west interstate. So, before, we use the highway trust fund for other purposes, it is necessary and indispensable that those taxpayer dollars meet the original needs for which the highway trust fund was designed.

Mr. Chairman, I look forward to today's hearing. It is a logical first step in designing a long-term authorization bill. An authorization bill without adequate resources is not unlike building a house on sand; it will not stand. The time to rebuild America is now. As we consider a post-interstate system, we must not overlook the fact that all of the country does not have easy access to an interstate. Before we consider using highway trust fund monies for other purposes, and I am not stating that we should consider this, it is necessary to fully complete the interstate system and fill in any gaps.

Mr. MINETA. Are there any other members who would like to make opening statements? If not, let me call on our very fine colleague from California, Chairman Glenn Anderson.

Mr. ANDERSON. Thank you, Norm, and let me commend you, also, for scheduling today's hearings on the reauthorization of our Nation's highway, highway safety, and public transit programs.

The eyes of the Nation will be on us as we determine the future of these key infrastructure programs. You have outlined an ambitious schedule for completion of this legislation, and I look forward to working with you and helping to fashion a bill that is sensitive

to the local and regional needs while assuring that the Federal interest is met.

Mr. MINETA. Thank you very much, Mr. Chairman.

Just as we have seen the Glenn M. Anderson deepwater channel and the Glenn M. Anderson freeway and the Glenn M. Anderson transit system out there, again you will have your mark on this legislation as well.

Are there any other members who wish to make an opening statement? If not, we will go to the panel of witnesses we have before us.

As I have reiterated at every meeting I have spoken to, I happen to be very, very privileged and proud to chair the Surface Transportation Subcommittee. I am only a small cog in the wheel, being associated with the likes of Chairman Bob Roe, Congressman John Paul Hammerschmidt, and Bud Shuster as the leading elements on this Public Works and Transportation Committee on issues dealing with surface transportation.

I have also indicated how proud I am about the team that is at the Department of Transportation headed up by our Secretary of Transportation, Sam Skinner. We have with us today three critical and vital members of that team, administrators of their respective administrators within the Department of Transportation.

With the budget people and the policy people and other modal administrators that Secretary Skinner has put together, I am quite sure that we have at this point, at a very critical point in surface transportation history, the confluence of a good team in the administration as well as good team on the congressional side, both the Senate and the House, to put together a very visionary piece of legislation.

Mr. MINETA. We are proud to have today with us Dr. Tom Larson, Administrator, Federal Highway Administration; General Curry, Administrator, National Highway Safety Transportation Administration; and Brian Clymer, Administrator, Urban Mass Transportation Administration. In fact, we may be even changing the titles before not too long on some of these agencies.

So in any event, it is good to have all of you here. Your joint statement will be made a part of the record.

General Curry, you may and proceed in your own fashion at this point, sir.

**TESTIMONY OF JERRY R. CURRY, ADMINISTRATOR, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION; BRIAN W. CLYMER, ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION; AND THOMAS D. LARSON, ADMINISTRATOR, FEDERAL HIGHWAY ADMINISTRATION**

General CURRY. This may be the only time in history that the Highway Traffic Safety Administration goes ahead of Federal Highway, so I want to take advantage of this opportunity.

Mr. MINETA. Well, that is why they call you Stormin' Jerry. [Laughter.]

General CURRY. Mr. Chairman and members of the committee, thank you for providing the Department the opportunity to testify on DOT's budget proposal for fiscal year 1992 and for H.R. 1351.

We have prepared a joint statement for the record. Dr. Larson, Mr. Clymer, and I will summarize our remarks quite briefly.

We are pleased that your committee scheduled this hearing so soon after President Bush called on the Congress on March 6 to enact surface transportation legislation within 100 days. This is quite a challenge to the Department as well as Congress, and we will provide any assistance we can or information that this committee needs to help meet the challenge.

My part of the summary is quite short. Our highway safety proposals will continue the strengths of a program that has been instrumental in reducing the Nation's fatality rate by more than 40 percent in the last decade. The basic section 402 program continues to be the core of the highway safety program, but we are proposing to supplement it with a new safety bonus program that targets specific highway safety goals.

The bonus program is a joint effort of NHTSA and FHWA, and by providing funds for construction as well as for section 402 safety programs, the bonus program should enlarge the constituency for highway safety. We expect the bonus funds to provide particular benefits for alcohol safety programs.

Our proposal incorporates the essential elements of the current alcohol safety grant programs, along with a guaranteed nationwide funding level of $25 million annually and the possibility of additional funds in each qualifying State. The overall level of FHWA and NHTSA bonus programs for safety programs will be $75 million for the life of the authorization. This represents a significant increase in overall highway safety funding.

Another safety initiative that is likely to benefit from the additional funding is the effort to increase safety belt use. We are just beginning a national campaign for the summer of 1991 that will employ intensive enforcement-related and public information efforts to move toward the President's goal of 70 percent safety belt use by 1992. I hope that this bill will be the beginning of a new and constructive phase in the highway safety program, and I look forward to working with you and your committee, sir, to bring it to a reality.

Mr. MINETA. Thank you very much, General Curry.

Mr. Clymer?

Mr. CLYMER. Thank you very much, Mr. Chairman.

I would like to again summarize very, very briefly a couple of points that are in our testimony, the first having to do with the idea of bringing stability into our proposal.

We have done this by increased use of formula funding. This is something that we believe will provide more equity. We have gone more to Trust Fund funding so that we can return the dollars in an equitable and stable fashion to our grantees.

I think our proposal has provided flexibility, especially with regard to highway funds. The interchangeability of our funds is something that Chairman Roe mentioned a few minutes ago.

Thirdly, I think we have focused on local share. Yesterday you and I spoke together at NACO. You mentioned a number that certainly boggled my mind in terms of the needs for infrastructure over the next two decades.

I think, in light of that, it is simply not possible any more for the Federal Government to do it all on its own. We are proposing that States provide a greater local share. I think Congress recognized this principle last year when it provided additional funding for the construction of the Metro system with a 37.5 percent local share.

Lastly, we have proposed a new planning and research program that would involve a percentage takedown similar to the highway program. This is to allow us to go into areas of new technology development and also to formulate a new transit cooperative research program similar to its sister program under Federal Highways.

I will be happy to answer any questions after Dr. Larson has made his remarks. Thank you.

Mr. MINETA. Thank you very much.

Dr. Larson?

Dr. LARSON. Mr. Chairman, distinguished members, I am very pleased to be here with my colleagues this morning, focusing particularly on the highway program.

I believe that America's highway transportation is in fact at a very critical crossroads, and I believe this for several reasons.

First of all, there is the potential for a lull or a letdown after the interstate system, such a mammoth program, as it nears completion. It is in fact now very nearly fully complete. So there is the potential of a lull or a letdown.

Secondly, there is a growing awareness of increased need, both on a national and on a global scope.

And finally, and perhaps most difficult to cope with, are the extraordinary expectations of our public. These come in several dimensions. First, I think a system that does not move goods and people faster in the next century than it did in the last will be perceived as a failure. A system that does not provide improved energy efficiency over the future will be perceived as a failure. A system that does not demonstrate increased sensitivity to the environment will, I believe, be judged a failure.

While these expectations are not mutually exclusive, neither are they natural companions. We are going to have to work to make them so.

There are three central features of this legislation, the highway legislation, that I would comment on very briefly. First of all, the legislation moves strongly toward a national focus. I spent a number of years at a State level, and certainly my feeling was very strong that the States are growing in maturity and experience and that the national interest should be defined in ways that do not impinge too severely on the State prerogatives.

That gets to the second point, which is flexibility. As the States become more mature, as national priorities become very focused, I think we have to move through various ways to give the States more flexibility, more decisionmaking; move the decisionmaking to a more local level, to a more appropriate level.

And finally, the third point that I would want to make for this legislation is that it recognizes and deals with the need for more money. Dr. David Aschauer has spoken very sharply and keenly to the need for more money, more public investment in infrastructure, and we believe that the only way to provide for this funding

will be for there to be more money from the Federal, State, and private levels.

The proposed reauthorization would in fact provide some $17 billion more in authorization than the 1987 act. If you look at the overall spending for Federal-State shares, the previous 5 years versus the next 5 years, it would provide roughly a 50 percent increase in spending.

There will be, and should be, debate over the match ratios and the proportional shares, but the bottom line is that there has to be more money, and this legislation goes strongly in that direction.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Dr. Larson.

The Chair will take the prerogative of extending the 5-minute rule to 7 minutes, given the fact that we have three very fine witnesses before us today, and I know that members are anxious to ask questions of our witnesses.

Dr. Larson, in the ICE for 1991, the remaining cost to complete the interstate system is $12.9 billion, as I recall. Are the amounts authorized in the administration's legislative proposal sufficient to complete the remaining interstate segments?

Dr. LARSON. In our opinion, we have provided for the completion of the interstate system, yes, sir.

Mr. MINETA. Now, as you change this ratio in terms of the Federal-local match, from your experience of having been Secretary of Transportation of the Commonwealth of Pennsylvania, even though you have increased the amount of money that is available in the program, won't the fact that you have changed the matching ratio have the effect of making it tougher on the States? They get a double whammy. You not only increase the matching share requirement, but the fact that they get more money means they have got to come up with even more in terms of matching share.

I am wondering if you could put your hat on as a State secretary of transportation and try to envision how you would feel if that were being imposed on you.

Dr. LARSON. Mr. Chairman, after 2 years in Washington, some of my colleagues in the States would probably say I am too far away to be able to make that switch, but let me try.

First of all, I do believe that the bottom line is that there has to be more money, and that means more money from all participants—Federal, State, private, local; everybody has to do more if we are going to meet the needs of this country.

In terms of the requirement by the States, yes, there is an increased requirement of some more than $2 billion in additional State match, but there are mitigating features provided in the legislation. One of these mitigating features is that up to 25 percent of the State program can be deferred, so at least in the earliest years, a portion of the program can be 100 percent Federal aid.

A second feature is that many States have unused obligation authority that would continue at the old match ratios.

And finally, and perhaps most importantly, is the leveraging principle. The States have traditionally used the Federal program as a lever to raise more money. After the 1987 act, there were 43 States that did in fact increase their gas tax shares, and now we

are told by the Highway Users Federation that 27 States are anticipating raising gas taxes in the present year.

So to summarize, the States will be asked in this program to join us at the Federal level in bringing more money to the table, but there are a number of features that will provide for the hardship cases that may result as a result of the changing match shares.

Mr. MINETA. General Curry, under your direction NHTSA has received high marks, and we would be interested in knowing what you consider as being NHTSA's priorities in highway safety and the direction the agency will be taking under your leadership.

General CURRY. Sir, as we look forward to the future, the single most important event that we will have is this coming summer when we do a nationwide program to increase safety belt use. We may want to speak of that later.

But let me talk to you in terms of what our priorities are for the immediate future over the next 3 or so years. We will continue, of course, to look at motor vehicle safety in terms of the vehicles, the cars themselves, in terms of making minivans, light vans, light trucks, and pickup vans as safe as automobiles. We are extending the safety regulations to all of those.

We are working very hard to look at heavy trucks and to ask whether there are some regulatory decisions that we need to make that might make them safer, such as better marking of trucks so they are more visible to people on the highway and others who are driving with them, and antilock brakes to prevent skids, turnovers, jackknifing.

We also are looking at some other measures to protect people; including drunk driving campaigns with Vince and Larry, for example, automatic occupant protection, increasing seat belt use and, having more airbags. We are pushing that very hard.

We are doing a lot of research in terms of impaired drivers and we are supporting prompt license suspension and media programs across the Nation to help us with drugged as well as drunk driving.

We do look at such things as motorcycle helmet laws, for example, in the States; we encourage them to pass those laws. We are working very closely with Federal Highways in a comprehensive highway safety program.

Last of all, let me mention that there is some technology and innovation that will take place in the future, including the intelligent vehicle highway systems; a number of projects in biomechanical research which include new crash data collection programs; and then we will have an experimental international safety vehicle conference which takes place every 2 years and is coming up this fall in Paris.

Those are essentially the directions, sir, that we are going.

Mr. MINETA. Mr. Clymer, under the administration's proposal, generally, funding for transit is eliminated. In addition to that, the mass transit account funds are drawn down, and the taxes generated by last year's budget agreement are discontinued.

Since these actions would result in a transit program of approximately $1.3 billion in fiscal year 1997, how does the administration intend to make up the difference between this figure and the $3.3 billion that was proposed for fiscal year 1996?

Mr. CLYMER. We do, under the current proposal, plan on spending down the Trust Fund in accordance with what we have been hearing all around the country from governors and local officials in terms of spending down the Trust Fund.

I think that the dollars available in the program beyond the current funding period may vary depending on any number of variables that will have to be determined at that time. Certainly the extent to which it extends beyond 1996 will be based partially on the remaining balance in the Trust Fund; also, the accrued interest on the cash balance in the Trust Fund would also be available.

In theory, we could continue the spending under some scenarios through a second reauthorization at the same level.

Mr. MINETA. I will have to reserve time on a second round.

Let me at this call on a very fine colleague from California, Chairman Emeritus, Mr. Anderson.

Mr. ANDERSON. Thank you, Mr. Chairman.

Mr. Clymer, there is no question that the Federal Government has an appropriate role in assuring that the American public has clean air to breathe. Legislation enacted last year will in some cases make it more difficult for local governments to meet their transportation capacity enhancement needs through new highway construction.

The needs, though, will not go away, and so, obviously, they will be looking to expand their public transit systems instead. But the administration bill would reduce funding for new rail starts.

Now, isn't this unrealistic in light of the clean air requirements? It seems to me that we will be derelict in our responsibilities if we reduce funding for new starts around the country, forcing local governments to turn in that direction to solve the capacity problems and then denying them the resources needed.

In a similar vein, to help assure the civil rights of the disabled, sweeping new legislation was enacted last year that will have a financial impact on the operating costs of transit systems around the country. And yet the administration bill would actually eliminate operating assistance in areas of over 1 million people.

I hope and believe that this provision will not prevail, but it seems to me again that we are imposing new requirements on local government and then denying them the resources needed to meet them. Would you dispute that in this case?

Mr. CLYMER. You raised a number of areas there: new rail starts, ADA, operating assistance. I think that our proposal in general has been based on an overall assessment of needs. Certainly there is not enough funding to fund all new starts. I think we have recognized the need for new and stronger criteria there. The feeling is that the Federal Government can only afford to do those new starts which are the most effective and most cost-effective.

I think as we look at new starts and look at the Clean Air Act and the effect it may have on some areas not to build roads, flexibility exists within the highway program for those areas that are not able to build roads as a result of Clean Air, to move money over for those new starts.

With regard to ADA, we have provided funding in there under the discretionary program to deal with some special situations under ADA. Certainly the program was not set up to deal with all

of those areas. We have increased the section 9 formula dollars, which are, of course, formula-distributed, which allow local areas the flexibility to deal with ADA itself.

I do not think that any area or any aspect of American life received funding under the ADA legislation. Even private concerns that are required to come into compliance will be required to come up with funding on their own to handle that.

In the area of operating assistance, we have not eliminated funding under the section 9 formula program; the dollars are still there. We have simply, in the areas over 1 million, eliminated the ability to use those funds on the operating side of the equation. In those areas where it has been eliminated, it represents less than 5 or 6 percent of their total operating budgets. In some of the largest properties, it is even less than that. However, the capital funding is still there.

Many areas of the country—California, for one—that have transit funding from a number of different sources should have the flexibility to move local resources into operations and allow the Federal Government to have what arguably is its proper role, and that is of providing capital assistance.

Mr. ANDERSON. Thank you.

Mr. MINETA. If my good chairman would yield, Mr. Clymer, let me ask about this thing. We have not eliminated operating assistance. You have, to the extent for metropolitan areas with populations in excess of 1 million, you have said no operating assistance; however, we will allow maintenance, parts, and supplies to be included under the capital improvement program, as I understand it.

Mr. CLYMER. For areas under 1 million.

Mr. MINETA. What about areas——

Mr. CLYMER. We have also eliminated operating expenses, but we have allowed them the ability, under a redefined section 9 formula program, to use a former operating category, materials and supplies, in its place.

Mr. MINETA. For areas——

Mr. CLYMER. Less than 1 million.

Mr. MINETA. And then for areas with more than 1 million in population?

Mr. CLYMER. Areas with more than 1 million in population have to use their Formula 9 resources for capital-only programs.

Mr. MINETA. I recognize that what you are trying to do is a positive step given "ideologue" in other areas who are trying to do otherwise, and I commend you for that effort. But it is really hard for me to rationalize this and to try, frankly, to sell it.

That is why I keep coming back to you on this same question about operating assistance, because if I am wearing my mayor's hat or local transit director's hat, I really get troubled by it. But I know what you are trying to get at, so let me just let it go at that.

Thank you, Mr. Chairman.

Mr. ANDERSON. I have a brief question for Dr. Larson.

Mr. MINETA. Absolutely.

Mr. ANDERSON. Dr. Larson, you and I in the past discussed the importance of intermodalism and port access. There is no question that you share in my belief that there is a strong Federal interest

in assuring that such links to international airports and seaports are in the national interest.

The administration bill, though, provides no assurances that these links are on the national highway system. Now, do you think that this committee needs, then, to make certain that these routes crucial to our national economy and international commerce are on the national highway system and are properly funded? Would you support the establishment of a separate program set aside to fund the construction of key intermodal routes, and if not, why not, if you do see their importance to the Federal Government?

Dr. LARSON. May I begin at the back end and say that I do not believe that a special program would be in order, in part because we have made a major emphasis in this proposed legislation to simplify rather than to add additional programs.

As to the question of why it is not necessary, I think that goes to the notion that the national system is intended to be a national system that would in fact provide the proper highway access to ports like Los Angeles, Long Beach, would provide for improvements in the Alameda corridor, something that we have discussed, and as to ensuring that those ports are served by the national highway system, that is in part the result of our committing to work with the States over a period of time, 2 years, before the system is finalized.

So we would hope that there would be no national port or no national node that is excluded from this system of national priority, and certainly the process that we envision will provide for that, sir.

Mr. ANDERSON. Thank you.

Mr. MINETA. Mr. Boehlert, a very fine colleague from New York.

Mr. BOEHLERT. Thank you, Mr. Chairman.

Dr. Larson, you will recall that last fall Congressman Applegate and I were working extensively with the Department concerning the transportation of hazardous materials. There was direction to the Department to find $300,000 to contract with the National Academy of Sciences for a study of this issue. Can you give us a progress report on that?

Dr. LARSON. Yes, sir, I am pleased to do that.

The proposal was sent to the National Academy of Sciences last week for the study that you are referring to, sir. A response is due March 25, and we believe a contract will be awarded in April. So that work is in fact moving forward very positively.

Mr. BOEHLERT. Thank you. That is good news.

Mr. Clymer, I am a big believer in your operation, and I am here to help you. But I am a little bit concerned——

Mr. CLYMER. Thank you.

Mr. BOEHLERT. Don't be nervous. I am a little bit concerned as I interpret what we are proposing. Am I correct in my understanding that we are talking about 5 years of level funding for the Urban Mass Transit Administration?

Mr. CLYMER. There is an increase in the capital side funding, but the increase over the 5-year program is approximately 6 percent.

Mr. BOEHLERT. I do not find that adequate. I am wondering if you do, and I will tell you why. I am not from metropolitan New York; I am from beautiful upstate New York.

But the fact of the matter is that mass transit, public transit systems are clearly more energy-efficient, more environmentally sound, and I am at a loss to understand why we are not putting more focus on that, which would give you more money and more responsibility. So I say, I really am here to help you.

Mr. CLYMER. Thank you. [Laughter.]

Mr. BOEHLERT. How about responding to that, though? [Laughter.]

Mr. CLYMER. All right. It was a good try.

We have developed a budget based on needs, what our perception of the needs was over the next 5-year authorization period. Again, as I point out, there is considerable flexibility built into the legislation as between highway needs and transit needs that would allow some $3.9 billion of urban and rural funds in the highway program, a 15 percent passdown from the national program, as well as funds in the national highway program to be used for both HOV lanes and park-and-rides. So there is considerable flexibility there.

I think our program reflects those spending needs that we can meet directly. In the event that additional needs are created as a result of the Clean Air Act or the desire for less highways, then those funds are available, also.

Mr. BOEHLERT. Well done.

Dr. Larson, on page 9 of your testimony, you are talking about bridges, and bridges are a prime concern of mine because I have the dubious distinction of representing the congressional district where we had a bridge over the Schoharie Creek collapse and result in a tragic loss of lives.

Senator Moynihan and I had a hearing on that subject, and the New York State Throughway Authority, with great pride, told us immediately after that tragedy that they had inspected all of the 167 or 168 bridges along the New York State Throughway, and they were pleased to report that all were found acceptable.

But that was not very comforting to me when I asked the question, "Did you use the same criteria for those inspections that you used to inspect the bridge over the Schoharie Creek" and they said yes. So I am a little bit concerned.

Can you talk about the bridge program? First of all, do you have any sort of rough guesstimate on how many substandard bridges there might be over our Nation's highway system today?

Dr. LARSON. Yes, sir. Bridges are almost a preoccupation of the Federal Highway Administration because we recognize that the failure of a bridge is not only catastrophic in terms of life and property, but it also disrupts the system in a very unique way.

In terms of the specifics, let me say that there are some 580,000 highway bridges in the United States and those are inspected for the most part on a 2-year cycle as required by our regulations now going back several decades, and that data base is getting better as time goes on, so that we know more and more about the condition of the Nation's bridges.

There is in fact a problem with the terminology. The notion that bridges are unsafe is somehow a part of the understanding, and what we really are saying is that when bridges are below minimum standards, then we post the bridges for lower loads, and so they can continue to be used by autos, for example, when they might

not be safe for trucks. So there is a terminology problem that has to be gotten past.

Mr. BOEHLERT. Dr. Larson, if I may just interject right here, when you post it for lower loads, I think you are doing your job and I applaud you for that, but the problem is, who monitors that? We do not really have a tight, sophisticated monitoring system.

Dr. LARSON. Once a posting is set, then it is in fact a matter for police authority to monitor that. During my years in Pennsylvania, we worked closely with the Pennsylvania State Police to ensure that those postings were recognized. But that is the step that is taken to provide for safety.

Now, the other side of that is that economic needs are not necessarily met when you do that. If there is in fact a rural farmer in upstate New York that has a dairy pickup truck, a milk truck, that wants to operate at legal limits, then that poses a very serious economic problem for that carrier. So, ideally, we would have bridges that are up to the expectations of the public.

What are we doing about it? The proposal calls for a very significant increase in the bridge funding so that there would be more money available to the States to deal with bridges, both on a regular apportioned basis and on a discretionary basis.

Mr. BOEHLERT. Well, I want to commend you and the administration for what you indicated to be almost a preoccupation with bridges, because it is a very serious matter, and I think you are addressing it in a very responsible way.

Mr. Clymer, one final question, if I may. How are the studies coming with respect to alternative fuels for public transit systems, for mass transit? I know there have been some projects under way fueling buses with natural gas and that type of activity. How are we coming?

Mr. CLYMER. We have made it a primary initiative. We are trying to support alternative fuel studies wherever we can in light of the many different alternatives that are out there. Without trying to give a technical answer as to what the findings are, we are certainly in the beginnings of that industry.

The industry can produce motors and it can produce engines in buses. There are problems with fuel delivery. There are problems with bus durability, the length of life. We run into problems of needing additional vehicles because of buses coming out from breakdowns. So we certainly have some problems that are being dealt with. The successes are becoming more and more and the failures less and less, but we clearly have some learning to do in this area, and I would say they are coming along fairly well.

Mr. BOEHLERT. I see my time is up. Would you have your staff provide me with a summary of where we are right now with the research into the alternative fuels? The reason I want to pursue this is because Secretary of Energy Watkins, testifying before the Science Committee, said to us, "Oil has a stranglehold on the transportation sector of our economy." I agree with that, and I would like to loosen up the grip if I could. So if you could have your staff provide some of that information to me, I would be most appreciative.

Mr. CLYMER. I would be happy to do that. In addition, we are going to be providing a newsletter to the industry to keep them ap-

praised of the goings-on out there, and we would be happy to add you to that mailing list.

Mr. BOEHLERT. Thank you so much.

Thank you, Mr. Chairman.

[The following was received from Mr. Clymer:]

U.S. Department of Transportation
Urban Mass Transportation Administration

# Clean Air Program

## Office of Technical Assistance and Safety

*"The transit industry is now at the forefront of low emission and alternative fuel technologies."*

## Overview of UMTA's Clean Air Program

The UMTA Clean Air Program (CAP) consists of a number of related UMTA activities, including the Alternative Fuels Initiative Program, the Methanol Bus Demonstration Program, the Diesel Particulate Trap Demonstration Program, the Fuel Cell/Battery Bus Development Program, and the Alternative Fuel Bus Program from the Alternative Motor Fuels Act of 1988. UMTA consolidated these related programs into the Clean Air Program in April, 1990 in response to the transit industry's growing involvement in exploring the new technologies for reducing vehicle emissions.

Clean Air Program Demonstration Sites

These programs will benefit from the top level coordination and streamlining which results from their integration within the Clean Air Program. The Clean Air Program provides a mechanism for UMTA to support the national goals of reducing both vehicle exhaust emissions and oil imports. Recent events in the Persian Gulf have made the CAP even more important as a way to evaluate technologies to reduce America's dependance on imported oil.

UMTA is allowing local transit agencies to choose the technologies to evaluate in their fleets. The result is a rich diversity of technologies operating throughout the U.S. The transit industry is now at the forefront of low emission and alternative fuel technologies. While heavy trucks and passenger automobiles are stepping up their activities in these areas, urban transit buses will have the largest fleets of such vehicles for the near term. The figure at the left shows the distribution of CAP bus demonstrations for which grant applications have been received, and the fuels they have chosen.

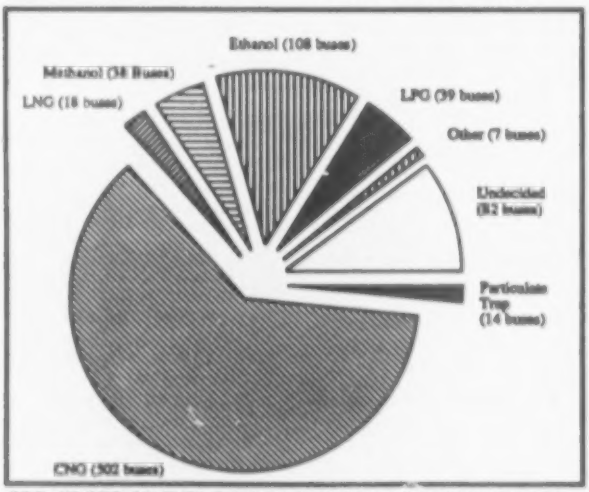
The UMTA CAP is providing objective information on these new technologies that is essential both to the transit industry for meeting new exhaust emissions standards, and to the Nation in its urgent need for cleaner air and alternatives to imported oil. UMTA is still accepting applications for API grants. Page 5 of this document gives information on how you can participate.

*"The DDC...methanol engine has recently made dramatic improvements in injector life."*

## Clean Air Program Grant Status

On September 16, 1988, former Secretary of Transportation Burnley announced UMTA's Alternative Fuels Initiative (AFI) program. The AFI program is designed to encourage the use of alternative fueled buses in a wide range of transit applications to improve air quality. This program provides the avenue for placing alternative fueled vehicles into the mainstream of transit revenue service operations. It also offers the opportunity for transit systems to take a proactive position in America's battle for clean air and energy security. The transit industry response has been excellent. As of August 14, 1990, UMTA has approved 31 grants for the purchase of 274 alternative fueled buses. In addition, UMTA has received grant applications and expressions of interest that would involve the purchase of an additional 534 alternative fueled buses, bringing the total requested to 808. The figure below shows a breakdown of the number of buses requested by fuel type.

Only a few of these buses are in operation today, although many demonstrations are expected to begin revenue service in the next few months. The figure on page 1 shows the location of these demonstration sites.




**BREAKDOWN BY FUEL TYPE OF THE NUMBER OF VEHICLES REQUESTED IN AFI GRANTS AND EXPRESSIONS OF INTEREST**

## Methanol Bus Demonstration

In 1986, UMTA established the Methanol Bus Demonstration Program to assess the performance and costs of operating these buses in revenue service. The program involves 61 buses operating in 8 cities. The methanol buses have accumulated over 2 million revenue miles, and 58 of them are currently operating.

The buses are of two basic types. Fifty of these buses are GM or TMC coaches with a Detroit Diesel Corporation (DDC) 6V-92TAM methanol engine. Eleven buses are M.A.N. methanol buses using the M.A.N. 2566 methanol engine.

As these demonstrations approach 3 million miles of revenue service and three years of operation, some important results are now available.

The demonstrations have shown that it is possible to handle methanol safely in a transit environment. No incidents have been reported in the past four years in which transit workers or the public have been harmed by methanol fuel. Measurements of methanol vapor levels have been made by both Battelle and by the National Institute of Occupational Safety and Health (NIOSH) at various demonstration sites, and no violations of health standards were found.

The DDC methanol 6V-92 TAM

*"The CNG buses began revenue operations in early 1990, and some preliminary results are available."*

engine has recently made dramatic improvements in fuel injector life. A fuel additive developed by DDC and the Lubrizol company has reduced injector failures to a level similar to that of diesel engines. The additive was introduced into the demonstrations in early 1990, and all DDC methanol engine demonstration sites using the Lubrizol additive (i.e., Denver RTD, Triboro, and SCRTD) report that injector life has improved by an order of magnitude. DDC has also made improvements in the injector design and construction which are intended to further improve methanol injector life to be equal to that of the diesel 6V-92 injectors.

The details of the fuel additive are a trade secret of Lubrizol, and the final product name, pricing, and availability will not be available until after October 15. However, the additive is believed to be similar to gasoline additive packages, and is being used in the demonstrations at a 0.06 percent concentration (i.e, one teaspoon in two gallons of methanol).

The M.A.N. methanol buses at Seattle Metro have experienced the same injector reliability as their diesel control counterparts, and no fuel additive has been used in these buses. Although these engines and fuel systems are substantially different than the DDC engines in a number of important ways, this experience shows that engines can be designed and built which have reliable fuel injectors when run on neat methanol without additives. The M.A.N. buses have also shown that they can provide the same productivity as a diesel bus. The M.A.N. buses have accumulated essentially the same number of revenue service miles as the diesel control buses over a 3 year period.

Seattle Metro is phasing out their methanol buses due to their high operating cost (i.e., fuel, spark plugs, and catalytic converters). Further, since M.A.N. has stopped marketing their buses in the U.S., there has been a reduced level of, and commitment to, engineering and technical support. During their 3 years of operation these methanol buses have proved to be safe and relatively reliable with an overall excellent operating experience.

DDC has stated that their methanol engine has met and exceeded the 1991 EPA standards in laboratory tests. DDC is now in the process of certifying the methanol 6V-92TAM engine for EPA emissions levels.

The DDC methanol engines are continuing in revenue service, and grant applications have been received by UMTA for new methanol buses. The methanol engines are the most mature alternative fuel technology, and DDC plans to offer the engine for sale in early 1991. The UMTA demonstrations have played an important role by providing the manufacturer with an opportunity to use prototype engines under actual revenue service conditions while simultaneously allowing the transit industry to learn about this new technology.

## CNG Buses Operating in Ohio

Two CNG powered buses are currently operating in revenue service in Ohio, one in Columbus (COTA) and one in Cleveland (RTA). The buses are representative of the current state of the art, with Flxible coaches and Cummins engines both designed by the manufacturers specifically for natural gas. The buses are owned by gas utilities, while Cummins retains ownership of the prototype engines.

The CNG buses began revenue operation in early 1990, and some preliminary results are available.

The engines are Cummins CNG L-10's, and are the early configuration known as "Phase I". The engines have provided good service to date in Ohio, although a few problems typical of prototype engines have cropped up.

The two buses have had three separate engine failures. The Coumbia Gas bus at Columbus COTA experienced two of these engine failures. The first was due to worn valve stems and valve carboning. When the engine was examined by Cummins, the turbocharger bearing was found to be excessively worn, and was replaced to prevent an in-service failure. More recently, the same bus suffered a scored piston with a cracked cylinder liner. The Consolidated Gas bus at Cleveland RTA has had a similar engine failure. These events are much like others experienced at SCRTD, where Phase I CNG L-10's in Flxible coaches are in service.

Cummins has recently made changes to the engines directed at solving these developmental problems. A set of changes is being made and designated the "Phase II" engine. Included in these are changes to the turbocharger

waste gate intended to both modify and more precisely control the turbo boost schedule, the addition of water-cooled bearings to the turbocharger, and incorporation of a more advanced ignition system. The prototype engines now in service will be upgraded to the Phase II configuration, and all future prototype CNG L-10's will be released in the Phase II configuration.

The Columbia Gas bus at COTA has averaged about 22 percent less MPG than the COTA diesel fleet, on an energy equivalent basis. The bus is fueled at a fast-fill facility owned by Columbia Gas. The bus has operated well in service so far.

The Consolidated Gas bus at Cleveland RTA is identical to the Columbia Gas bus, and has also provided good service. RTA provides a special drivers report for this bus, and the drivers have often reported that the bus has lower power than typical diesel buses. Consolidated Gas has built a portable fueling facility which has been placed at RTA.

This prototype compressor station is a slow-fill type. The compressors are driven by a stationary natural gas engine, and the station is fitted with two gas meters to allow determination of how much gas is used to power the compressors during fueling. This prototype fueling station burns 18 standard cubic feet of gas to put 100 standard cubic feet of gas in the bus. It may be possible to reduce this 18 percent additional fuel cost by further engineering development.

UMTA will be producing a final, detailed report on these buses after a full year of operation. When completed, these reports will be available to you.

Other CNG bus demonstrations are now underway, including the New York City DOT/Brooklyn Union Gas demo in New York, and SCRTD in Los Angeles. The SCRTD buses are the same Flxible/Cummins L-10 buses used in Ohio, while the New York Buses are 40-foot Orion coaches with Chevrolet 454 cu. in. V-8 gasoline engines converted for natural gas.

Cummins intends to offer a CNG L-10 for sale in 1991. DDC is also developing CNG bus engines, and is now working on several engineering approaches to implement CNG in their engines.

## Particulate Traps in Revenue Service

Particulate traps are an attractive technology for meeting the proposed 1991 emission standards because they allow the use of conventional diesel engines and diesel fuel. Traps also appear to be a practical method for retrofitting current fleet of buses to achieve reduced exhaust emissions. However, traps have technical issues which must be resolved before they can be widely adopted with confidence. Among these are questions about long-term reliability, cost, and effectiveness.

UMTA is funding several demonstrations of particulate trap technologies in order to gather information on these questions. The demonstrations will involve traps from several different manufacturers. New York City has ordered 400 trap-equipped buses, and represents the largest trap demonstration. Other trap demonstrations are being conducted at SCRTD, Denver RTD, Minneapolis, and SEPTA.

## Other Program Elements

The Clean Air Program involves additional elements that are not described in this document. These elements are: The environmental issues and assessment efforts of Argonne Laboratories, the methanol facilities and employee safety studies by NIOSH, the methanol use training efforts of Battelle, the NHTSA efforts on gaseous fuel system integrity regulations and the Fuel Cell/Battery Bus Development Program. These efforts will be described in future publications of this document.

## Who Can Participate

A public agency that qualifies for receiving federal assistance under the UMTA Act may be a participant in this program. Participants may use Section 9 (Formula Grant Program) for ordinary capital costs that are incurred. Section 3 (Discretionary Grant or Loan Program) funds are available to pay for extraordinary

capital costs associated with participation in the Clean Air Program. Section 8 (Planning and Technical Studies) funds are available for the planning and development of AFI projects. Applications will be accepted from public agencies to support both privately and publicly operated services. Participants are encouraged to forward innovative proposals which incorporate creative partnerships between the public and private sector.

The private sector is encouraged to participate in this program and to take a pro-active position in support of America's drive for clean air and energy security.

## HOW TO PARTICIPATE

The application procedures for the Clean Air Program will follow the existing procedures and requirements for UMTA grant programs. The application should be sent to the appropriate UMTA Regional Office for processing with a copy to the Director, Office of Engineering Evaluations, at UMTA Headquarters in Washington, D.C. The names, addresses, and telephone numbers of the appropriate individuals are given on the following pages.

## UMTA REGIONAL CONTACTS

| Area/Region | Name/Address/Telephone No. |
|---|---|
| Eastern Area | Leonard Braun, Area Director (212) 264-8162 |
| - New York | Brian P. Sterman, Regional Manager<br>26 Federal Plaza, Suite 2940<br>New York, NY 10278<br>(212) 264-8162 |
| - Boston | Richard H. Doyle, Regional Manager<br>Transportation System Center<br>55 Broadway, Suite 920<br>Cambridge, MA 02142<br>(617) 494-2055 |
| Southeastern Area | Peter N. Stowell, Area Director (404) 347-3948 |
| - Philadelphia | Sheldon A. Kinbar, Regional Manager<br>841 Chestnut Street, Suite 714<br>Philadelphia, PA 19107<br>(215) 597-8098 |
| - Atlanta | Peter N. Stowell, Regional Manager<br>1720 Peachtree Road N.W., Suite 400<br>Atlanta, GA 30309<br>(404) 347-3948 |
| Central Area | Joel P. Ettinger, Area Director and Regional Manager |
| - Chicago | 55 East Monroe Street, Suite 1415<br>Chicago, IL 60603<br>(312) 353-2789 |
| Midwestern Area | Lee O. Waddleton, Area Director and Regional Manager |
| - Kansas City | 6301 Rockhill Road, Suite 100<br>Kansas City, MO 64131<br>(816) 926-5053 |
| - Dallas/Ft. Worth | Wilbur E. Hare, Regional Manager<br>819 Taylor Street, Suite 9A32<br>Forth Worth, TX 76102<br>(817) 334-3787 |
| Western Area | Louis P. Mraz, Jr., Area Director and Regional Manager |
| - Denver | Federal Office Building<br>1961 Stout Street, Room 520<br>Denver, CO 80242<br>(303) 844-3242 |
| - San Francisco | Stewart F. Taylor, Regional Manager<br>211 Main Street, Room 1160<br>San Francisco, CA 94105<br>(415) 484-3133 |
| - Seattle | Terry L. Ebersole, Regional Manager<br>915 2nd Avenue, Suite 3142<br>Seattle, WA 98174<br>(206) 442-4210 |

Mr. MINETA. Thank you very much.

The gentleman from the Virgin Islands, Mr. de Lugo.

Mr. DE LUGO. Thank you very much, Mr. Chairman, and I thank the witnesses here this morning.

I am going to be very brief. I would like to ask Dr. Larson a question. Dr. Larson, in all of your new highway proposals, particularly highways of national significance and the urban-rural program, the States must put up a greater matching share.

My question would be, how does the administration expect the States to do this, since most have already increased their gasoline taxes?

Dr. LARSON. The answer that I gave a moment ago, I think, applies. As we look to the needs of the country on almost any level you choose to base your assessment on, the needs exceed the ability of any one of the partners to meet the full requirements.

So the proposal is for the Federal share to go up, the State share to go up, and to permit private funds for the first time. The State legislative bodies have traditionally followed the Federal lead, and as I said, after the last major reauthorization, there were 47 States that increased their funding. At the present time, we are told that 27 States are anticipating raising their levels of gas tax.

If that is not possible, then we have provided, for 25 percent of the program for the first 2 years, they can go forward at 100 percent Federal match. There are also unused apportionments that carry the old match levels with them, and that is another potential solution.

So there are a number of strategies that States can and, I believe, will follow to manage their affairs so that they can in fact use the Federal funding that is being provided in this legislation.

One other observation that I did not make a moment ago is that while we talk about the theoretical match levels—at present, they are 83 percent and we propose dropping them to 72 percent—in fact, on the Federal-aid highway system, the overall State match is 56 percent. In other words, the States have chosen to use 100 percent State money on Federal-aid projects on a very broad basis, and we certainly applaud this, but we believe that with this change in match ratio, for many States it will simply be a minor readjustment of the strategies already being used.

Mr. DE LUGO. Thank you for that answer.

I yield back the balance of my time, Mr. Chairman.

Mr. MINETA. Mr. Packard?

Mr. PACKARD. Thank you, Mr. Chairman.

I am sorry I had to leave for just a few minutes and miss part of your testimony.

There are two or three points that concern me. One is that our additional 5 cent gas tax is now coming in, half of it going to the general fund, but half of it is coming in for transportation purposes. And yet in the President's transportation proposal, I still see a significant buildup of the trust funds rather than spending the money, and I think that that 2.5 cents is essentially being used to build up the trust fund rather than being used for needs that are crying for money.

In fact, I am concerned that we have a 150,000-mile plan when in fact the States have submitted a plan that would require 184,000,

so there are 34,000 miles that are not being addressed, and yet money is building up in the trust fund. Would you comment on that, please, Dr. Larson?

Mr. LARSON. Yes, sir, I would be pleased to.

With regard to the trust fund, this has been a very difficult and continuingly contentious matter. Let me try to address it specifically.

The proposed program level is a substantial increase over where we have been over the past 5 years, and while it is true that over the authorization period there is a sum of money perhaps in the $5 billion to $8 billion level that could be spent above the particular spending levels proposed without triggering the Byrd amendment, we believe that the program level is one that meets the goals of the 1990 budget agreement and also is a proposal that is rational with respect to the States' level to accelerate their spending.

As to the very specific numbers of the trust fund, let me say that under this proposal the highway account of the trust fund will in fact build to a level of approximately $16 billion in 1995, but the proposal anticipates that the tax that was proposed and passed by the Congress, which expires October 1 of 1995, will expire, and so the trust fund balance, then, after this peak of $16 billion, drops very swiftly, and if the spending levels that are proposed for 1996, the $20 billion plus, were continued, within 2 years we would be below the level required by the Byrd amendment.

So we have tried to walk a balanced approach between accelerating the spending, living within the congressional budget caps that we have, and also managing within the Byrd amendment and not putting the program in jeopardy. These constraints have been difficult, and we think we have threaded our way between them.

As to the mileage for the national system, there is considerable disagreement as to what the exact numbers should be. In California, as a matter of fact, there is a sentiment for having a smaller national system, 80,000 miles. Other States have argued very strongly for 200,000 or more.

We have shown the committee our tentative map of 150,000 miles that we believe is a workable system. But we have also provided in the legislation for an additional 10 percent at the option of the Secretary, working with the States, and so we think that that system is a manageable system. We think we can work out the numbers to the satisfaction of the States and the local governments.

Mr. PACKARD. On the trust funds, we always get a promise that in the out years we are going to start spending them down, but then when the out years get to be this year's budget proposal, we find that there is a change.

I would also be interested in comments regarding the use of Federal-aid rights-of-way. For some time, there are many proposals and opportunities to use Federal-aid highways for non-Federal highway purposes. I am very pleased, frankly, to see in your proposal, the administration's proposal, that it does open that door. Would you explain to what extent it does open and if it still will leave some regulations that prevent certain public works facilities to be used in Federal-aid highway rights-of-way?

Mr. LARSON. Yes, sir.

First of all, we defer to the States on matters like this, and so the language is discretionary with the States. But if a State—California, for example—were to explore the use of higher ground travel technologies, maglev or high-speed rail, and consider that they might want to use an interstate right-of-way for this purpose, the language would permit either a public or a private use of this kind to proceed.

It also would permit highway funds to be used for making adjustments in the alignment that might be required in order for this new use to be accommodated. But the control of that right-of-way is vested with the State of California or the other States involved.

Mr. PACKARD. Would it allow such things as a fiberoptic cable, water mains, and so forth, to go down the right-of-way as well?

Mr. LARSON. I am told that it potentially can include all utility facilities including fiber optics and water main.

Mr. PACKARD. All right. Well, I hope that this is a door that is beginning to open that will allow these very expensive rights-of-way to be used for other purposes as long as they do not interfere.

One last question. Mr. Clymer, I appreciate your being here this morning. I am very interested in grade separation in terms of safety, in terms of allowing mass transit and rail to move a lot safer and a lot faster. What does the administration proposal allow in terms of grade separation monies and projects?

Mr. CLYMER. Maybe Dr. Larson can answer this. Our program is not specific to such things as grade separations. To the extent that medians were opened up for transit use, our programs are certainly permissive in the use of funds to build those rights-of-way.

Mr. PACKARD. Mr. Larson, you might wish to address that, also. Will there be monies available for grade separation projects?

Mr. LARSON. Yes, sir. As a matter of fact, the proposed legislation requires that 10 percent of all the highway apportionments be used for safety improvements, and so, at the option of the States but with that 10 percent requirement, monies could be used for grade separations, yes, sir.

Mr. PACKARD. Thank you very much. I appreciate your being here this morning.

Mr. MINETA. Mr. Valentine?

Mr. VALENTINE. Thank you, Mr. Chairman. I will be brief.

I have been in and out and apologize in advance because I know I am going to ask a question that has already been answered.

Mr. Curry, I understood you, when I came in here, sir, to be talking about efforts at highway safety, renewed efforts, and I wanted to ask you if the concern that the Department has for highway safety involves in any way the continued use of radar detectors, or if it has anything to do with limiting or prohibiting triple trailers, or if it has anything to do with the speed limit.

General CURRY. Let me start first with the middle part of your question, which is trailers. We have for some time been taking a look from a safety standpoint at trailers. We have not completed the inquiries yet or the evaluations but we think that, clearly, there may be a safety implication. At some time down the road, we are going to have to be prepared to take a stand and we are working in those directions in our intention to get ourselves in a place where we can play an intelligent role in that in the safety arena.

The other part of it, of course, is not something that our administration in safety is directly involved in, but we have an interest and an abiding concern in that area.

Let me talk to you just briefly on speed limits and speeds, and the answer is yes, we are quite involved in that. As you know, the Congress requires that we submit a report to Congress on the changes that have taken place in the driving habits of people on roads where speed limits have gone from 55, for example, to 65. And yes, we have been tracking that now for about 3 years.

We just recently submitted a report to Congress on that. You may not have had a chance yet to see it, but I think it will probably be made available to you very shortly.

Mr. VALENTINE. On the question of the formulas that some States have raised questions about in the past, mass transit and formulas generally may be of some interest. It is to me. I just left a group of constituents from a small county in our district, which includes ten counties and part of another county, who talked to me about a mass transit system in Eastern and Central North Carolina, but of course, mass transit to us means the operation of buses.

The State of North Carolina, with all of its economic problems, a population of over 6 million people, however, under the past formulas, at least, for every dollar that we sent to the Federal Government for mass transit, they sent us back a nickel or 7 cents. They tell us that mass transit means rail transportation.

Well, we just have to have some help on that situation some way. I mean, it just makes no sense for a State like North Carolina—and I am sure there are many others—to be helping to that extent to finance mass transit systems in other parts of the country.

Does the new legislation have any change in that formula, and does the formula take into account the Federal Government helping those States that help themselves?

Mr. CLYMER. From the standpoint of mass transit, first let me point out that we believe that mass transportation is anything other than a single-occupant vehicle. So we are now including carpools and van pools and HOV lanes, certainly the buses as you have down in North Carolina. Mass transit is not synonymous with rail travel. You need to look at what is effective and works for your region.

We are trying to put more dollars into the regions, and especially to the grantees, by the greater use of the formula program. The formula program has been effective. I think it has withstood the test of time pretty much. So we are not proposing any change in the formula itself.

We are recognizing that there are greater rural and suburban needs. Our section 18 rural programs, which affects your area, although we have kept the formula at the current 2.93 percent, we have put a minimum dollar amount on that of $89 million, which would be about a 50 percent increase in section 18 funds.

So I think we have taken a number of steps not only to increase the flexibility of dollars coming into areas like yours, but also to increase the equity and the stability of those funds.

Mr. VALENTINE. Thank you.

Two other brief questions, Mr. Chairman.

Somebody here has mentioned the word, I think, a time or two, "private funds"—Federal money, State money, local money, and private money. Could you tell us what you mean by that? From whence comes private money into the Federal interstate system?

And finally, does the money that we are talking about to complete the interstate system include any new stretches of interstate that were not on the books, say, 10 or 15 years ago?

Mr. LARSON. Sir, on the interstate system, the proposal does not add new mileage to the interstate system. It is what has been planned over a long period of time. The legislation does, however, provide that if there are additional miles of interstate-level roads that should be added to the system, and if they meet the standards, they could in fact be added to that system.

Mr. MINETA. Would the gentleman yield on that point?

Mr. VALENTINE. Yes, Mr. Chairman.

Mr. MINETA. I would like to clarify that, Dr. Larson. As I understand it, the last time we ever added any mileage to the interstate system was 1981, and to the extent that in 1981 the Congress said, "This is it; we are going to close it out," this year we are saying that by the end of 1991 we will have completed the Federal interstate system.

To the extent that we want to complete that, we have monies in there for monies to complete, but we really do not want to add any more miles to the interstate highway system, do we?

Mr. LARSON. Sir, the intent of the language is permissive to the States if the roads are built and are already at interstate standards——

Mr. MINETA. Let me then make that distinction. It is fine if the States want to build their highways to interstate standards, but it does not add another mile to the interstate system. Is that correct?

Mr. LARSON. The language is permissive that miles that already meet the standard, and with the approval of the Secretary, could carry the shield of the interstate highway system. It is not an extension of the program; it is simply an extension or permission to give that designation to highways that fit the character of the interstate miles.

Mr. MINETA. And in terms of construction, what would be the Federal share?

Mr. LARSON. There would be no construction provided for in this program.

Mr. MINETA. All right.

Mr. LARSON. So it is not an extension of the interstate construction program.

Mr. MINETA. I guess that is the point I am trying to get at. And what about the I-4R program?

Mr. LARSON. The I-4R program would become an I-3R program. The reconstruction element would not be continued in this proposal. This would fall to the national system.

Mr. MINETA. I wanted to make that clear because I wanted to make sure that the gentleman from North Carolina was not getting the wrong interpretation in terms of what can be included in the interstate system.

Mr. VALENTINE. Yes, sir. Thank you, Mr. Chairman.

How much money did you say is in here for dealing with new work on the interstate system?

Mr. LARSON. The work on the interstate system that is provided for over the period of the reauthorization is in several categories. There is interstate completion, $7.2 billion which includes special treatment of the Boston projects; and then there is interstate substitution money. So there are several categories of money.

Mr. VALENTINE. What is the special treatment of the Boston system?

Mr. LARSON. This is to provide for completion of the third harbor crossing and the central artery in the Boston area, something that has been talked about in the Congress, most recently in the 1987 reauthorization.

Mr. VALENTINE. Based on the questions the chairman asked you and the answers that you have given to my questions, do I understand that, say, in a State like North Carolina, for Interstate 40, if the State authorities wanted to spend the money this way, they could construct a section of highway and call it Interstate 140 and put the shield on it as long as they wanted to use their money that was allotted to them for that purpose?

Mr. LARSON. That is essentially correct, sir.

Mr. VALENTINE. And finally, Mr. Chairman, I asked you if you could tell us—you have used words which I find kind of puzzling, private money, because I did not know any private money went into the interstate system. What do you mean by that?

Mr. LARSON. Let me speak to it, and then perhaps Mr. Clymer can add to it as well.

The Congress in 1987 provided for pilot projects where up to 35 percent private money could be commingled with Federal and State money.

Mr. VALENTINE. Like toll roads?

Mr. LARSON. Toll roads. Those projects are moving ahead. They have been examined, and there has been a review of the progress on those projects. This legislation would permit up to 35 percent private funding to be commingled again with Federal and State monies for either public or private toll roads or bridges, so that the total pool of money would in fact be increased.

There are not only the nine projects that were provided for by the Congress, but in California there are some totally private projects—$2.5 billion worth, approximately—that are in fact moving forward. So this is a source of funding that is now demonstrably important to the overall program.

Mr. MINETA. Mr. Clymer, did you want to add to that?

Mr. CLYMER. In terms of the private dollars, if I might, Mr. Chairman, we believe that the private sector represents not only a great deal of energy and expertise but also dollars that can be brought into transit in a number of ways, such as contracting out for maintenance facilities, operating those segments of transit that it might be able to do more efficiently than in the public sector.

Also in the area of real estate development, such as shared facilities, real estate development around rail stations or even bus stations, are opportunities to bring the private sector in and allow the public sector to tap into the great appreciation that is realized

when the public sector brings rides and customers into areas of real estate development.

Mr. VALENTINE. Thank you, Mr. Chairman.

Mr. MINETA. Dr. Larson, did you want to expand?

Mr. LARSON. I want to correct, sir, if I may. I misspoke. It is 35 percent Federal participation in toll projects. That is the condition that is provided for in the 1987 act, and that is the provision that we intend to continue but make it more broadly available. It is 35 percent Federal participation.

Mr. MINETA. Let me call on our very fine colleague from Michigan, Mr. Upton, whom we are going to be losing, I guess, from the committee to Energy and Commerce.

Mr. UPTON. I hope not.

Mr. MINETA. Is that not the case?

Mr. UPTON. Not yet, anyway.

Mr. MINETA. Not yet.

Mr. UPTON. I am delighted to be here this morning, in more ways than one.

Dr. Larson, I noted that the proposed national highway system, which is composed of the interstate system with the principal arterials, is capped at 150,000 miles. But I note that when you add the interstate and the urban and rural principal arterials, you come up with a figure of 184,000, in fact a little bit more than that.

I wondered whose calculator you were using, whether it was Dr. Darman's at OMB, perhaps, or Mr. Skinner's, in trying to trim 34,000 miles from the already 184,000 that are there to achieve the figure of 150,000. How did you arrive at that figure, knowing that on present use there is 184,000?

Mr. LARSON. The question of the size of the program is one that has been much discussed. The feeling now is that by selecting portions of those systems that total 180,000 miles, by including the interstate and the strategic network, we can in fact achieve the national objectives at the 150,000-mile level.

As I said a moment ago, the legislation provides for up to 10 percent additional mileage to be added at the discretion of the Secretary, and the final selection process is open for 2 years. So I do not know that we have an absolutely firm hold on just what this ought to be. It is in negotiation now.

We have had official discussions with all of the 50 States, and the targets vary between 80,000—some States would like to see a smaller system—to up over 200,000. We think that at 150,000, with the 10 percent expansion, that we can in fact meet most of the objectives that we see as national objectives.

Mr. UPTON. All right.

Mr. Curry, in your testimony, you talked a little bit about helmet laws, and you indicated that the Department had a policy of encouraging States to pass helmet laws. Have you had any success?

General CURRY. Yes, we have had quite a bit of success.

Mr. UPTON. I know Michigan does have a helmet law. I am curious to know how many States do not have a helmet law.

General CURRY. We can get that figure in just a second for you. But we have had great success. For example, I just recently received a letter from the State of California, which, as you may or may not know, for 2 years running has had a bill passed and then

vetoed by the governor, the letter from the State indicates that if the bill was again introduced and passed this year, it would probably be signed by the governor of California.

So we have been working that very hard, and as you know, we have to do that in individual States, and we work with each governor, with all the legislatures, and we send expert witnesses to testify before State legislatures. We have been very successful, bit by bit; no great success, but each year we get two or three.

Let me see what we have here in terms of numbers. We have 22 States, including the District of Columbia and Puerto Rico, that require that everyone wear a helmet. Twenty-four States have an age qualification; that is, those under 18, for example, must have a helmet.

There is no requirement of any kind in five States: Colorado, Connecticut, Illinois, Iowa, Rhode Island.

Mr. UPTON. Would the Department object or oppose if we were able to stick something like we have done with seat belts into the highway bill? Would they formally take a stand?

General CURRY. Yes.

Mr. UPTON. In support of a helmet law?

General CURRY. I would personally take a stand in opposition to it because I believe that is an issue that should be decided by each State. I believe that my role as the Administrator is to present as forceful and persuasive a case as possible in favor of helmet laws, and we are doing that. But personally, I prefer that the States in fact enact that kind of legislation and that we not do it as a Federal fiat.

Mr. UPTON. All right, thank you.

Dr. Larson, in the proposed urban-rural flexible program, I note that the funds for it are completely fungible; in other words, that there are no minimum guarantees for either rural or specifically for urban areas.

Without such a guarantee, how will the rural and urban areas be assured that each will receive a "fair share"? How do you envision that working?

Mr. LARSON. Sir, the language requires that there be a certification of reasonable distribution between urban and rural interests. Again, this is a matter that we believe is appropriate for the several States, and so we are simply asking that each State make that judgment and certify that it is in fact a reasonable approach. We believe that is the proper Federal role here.

Mr. UPTON. Lastly, let me ask this question with regard to the bridge program.

I am concerned about the States that have done a fairly good job at maintaining their bridge stock, I guess you could call it, those that have spent significant funds for their infrastructure versus perhaps States that have not done as good a job.

Do you feel that in the administration's proposal there is perhaps more of a reward for those States that have not embarked on a more ambitious program over the past number of years than perhaps those that have?

Mr. LARSON. We would hope, sir, that the legislation would provide a new approach to distributing bridge monies that will be a more balanced approach. The level-of-service concept has been de-

veloped within the Federal Highway Administration, and we will be distributing a white paper on this subject in the immediate future.

But the notion is that we will try to use a level-of-service approach so that each State can in fact provide a minimum level of service on bridges using Federal aid. So we have a new approach that will, hopefully, get at the questions that you are raising.

Mr. UPTON. Thank you very much.

Thank you, Mr. Chairman.

Mr. MINETA. Mr. Laughlin?

Mr. LAUGHLIN. Thank you, Mr. Chairman.

Dr. Larson, I appreciate your words about a more balanced approach to the funding, and I have a request in that area.

As I look at all the charts I have been given, I have had a very difficult time trying to determine what is the funding formula for our States. In that regard, there is a strong perception in some States—and I must tell you that it certainly exists in my State of Texas—that our citizens pay in a lot more tax dollars than we get back proportionally, and by that I mean we are one of those donor States.

As I appreciate, there was a time when the interstate system was being developed, which you say will be completed this year and will not be added to, that many recognized that if we were to have a national transportation system, some States would have to pay disproportionately into that.

I do not think any of the States that consider themselves donor States think they ought to get back dollar for dollar, but there is that feeling that some of us pay in substantially more than we get back.

I would like to see one of your charts that is simplified and not confusing with mass transit, with bridges, with superhighways, with secondary road money all in there. I would like to see the formula that shows the ranking of State payments of monies into the highway fund and the total amount of money they get back.

I must tell you that on the one chart I saw, the State of Texas was 49th, when we have more highways and more bridges and rank fourth in population. I need some help when I go back home and the county commissioners and the highway department lean on me for not doing a very good job up here in seeing that we get a fair return. Do you hear where I am coming from?

Mr. LARSON. I think I do, sir.

Mr. VALENTINE. Mr. Chairman, would the gentleman yield before you answer that question?

Mr. LAUGHLIN. Sure.

Mr. VALENTINE. Could I ask that you send me a copy, too? [Laughter.]

And that you include in there the rankings of States with mass transit money.

Mr. LAUGHLIN. In fairness, on the one chart I saw, it was either Alaska or Rhode Island that was 50th, and there is a substantial difference in population and size of living space in those two areas compared to a number of other States.

Mr. LARSON. Well, sir, this comes very close to one of the gut questions of this whole reauthorization proposal, and that is the question of formulas, distribution, equity.

We have worked very hard to try to come up with a balanced approach. Importantly, the work has been carried on by others. I have here, for example, the proposed formula factors for allocating Federal highway funds prepared by AASHTO. They were not able to come to a conclusion, but they studied the matter at great length.

We did in fact propose—and I emphasize that word—we proposed a formula that we believe does in fact treat the States fairly from a variety of perspectives.

Turning specifically to Texas, I have met with delegations from Texas on several occasions. Arnold Oliver has looked carefully at our formula. Importantly, Texas comes to a higher level of apportionment than they do under the present law which includes minimum allocation. But we will certainly sit down and go over those numbers with you in detail, because I think the story for Texas is a very positive one.

Let me, if I may, Mr. Chairman, amplify just a bit on this to say that the equity question transcends just the interstate highway system. If we are going to have a system of highways that knits the United States together and provides for national and international needs, there has got to be some distribution across the country.

I could use Montana as an example. Montana has perhaps five people per square mile compared to 1,000 in New Jersey. They pay $380, I believe it is, per capita for highway purposes as opposed to less than half of that in a more populous State like California. And so somehow, if there is going to be a system of national highways, then we have to have some leveling across all the States, even beyond the interstate system.

But again, getting back to Texas, we do have the numbers, and we will be glad to sit down with you and share them, and I think you will see that they are very positive.

[The following was received from Mr. Larson:]

TEXAS—COMPARISON OF APPORTIONMENTS FOR FISCAL YEAR 1991 TO THE ESTIMATED FISCAL YEAR 1992 APPORTIONMENTS UNDER THE PROPOSED 1991 STAA

[In thousands of dollars]

| Program | Fiscal year— | |
|---|---|---|
| | 1991 | 1992 |
| National Highway | | 510,837 |
| Intersate | 93,509 | 52,935 |
| Interstate 4R | 189,899 | |
| Interstate Transfer | 0 | 0 |
| Primary | 131,840 | |
| Urban/Rural | | 273,520 |
| Secondary | 36,755 | |
| Urban | 46,968 | |
| Bridge | 51,647 | 116,912 |
| Hazard Elimination | 10,656 | |
| Rail-Highway Crossing | 10,907 | |
| Minimum Allocation | 196,747 | |
| Urban Planning | 2,913 | 4,524 |
| Total | 771,841 | 958,728 |

Mr. LAUGHLIN. Well, I am glad to hear there is an improvement over the past, because going back and talking to citizens who read reports that some States get 116 percent back on what they pay in and some States get 85 percent because that is what the minimum law requires does not strike as equity and fairness.

Next I want to shift to the national highways of significance. As I understand that program, that is a highway program to supplement the interstate system. Is that correct?

Mr. LARSON. I think it would be fair to say that it is a program that is the next stage in the national highway program development. The interstate system is complete, and so this really goes beyond that program and puts it in a different context that meets the demographic needs of today and of tomorrow.

Mr. LAUGHLIN. Is that the program that would take in the shift of population and the shift in the economic factors of our country since the interstate system was designed in the mid-1950s?

Mr. LARSON. Yes, sir. We believe that it does not only at the outset, but with the continuing changes that are permissible, we believe that it will reflect the demographic and economic and social changes of this country.

Mr. LAUGHLIN. Is that the map you talked about earlier that is a 150,000-mile map?

Mr. LARSON. Yes, sir. That is the proposal that is on the table. It is an illustrative map only at this time. We provided it to this committee at their request, and we have worked with each of the States. Certainly the Texas delegation, Mr. Oliver and others—as a matter of fact, Texas was really ahead of the pack in developing this. The Texas trunk road proposal has really pretty much been incorporated into this national system.

Mr. LAUGHLIN. I was going to ask you if you have incorporated the trunk system. There is a reason why we have to be ahead. Much of our State has no mass transportation. Sporadic bus service, if I hear your definition of mass transportation, would be the only form. We have no subways. Much of our State has no commercial air service. So there is a reason why we are sensitive to needing equity in the funding for highways and bridges.

I see the red light is on. I did want to ask you about alternative fuels and would hope one of my colleagues will ask you about alternative fuels and encouragement of industry to use alternative fuels.

Thank you.

Mr. LIPINSKI [assuming chair]. Thank you.

Mr. Emerson?

Mr. EMERSON. Thank you, Mr. Chairman.

Mr. Larson, your proposal makes funds available to the IRS for the purpose of augmenting Federal fuel tax enforcement efforts, and I am curious as to why the Highway Trust Fund should be used to fund another Federal agency to help it do its job. If the expected rate of return on investment is high, then why doesn't the IRS allocate more of its own resources to this activity?

Mr. LARSON. The question of resource allocation is, of course, always difficult. For the IRS, this program is a very small component, perhaps 1 or 2 percent. We have developed a very good working relationship with IRS, and the notion of going forward is one that has been promoted by AASHTO. There is in fact an AASHTO resolution that supports this concept of using a portion of the Highway Trust Funds to put a special focus on collecting more of the taxes that are provided for on the highway side.

So we believe this is a cost-effective way to use Highway Trust Funds, and we have the broad support of the States in this initiative.

Mr. EMERSON. Do you believe that the return to the Highway Trust Fund will be greater than the administrative costs of the IRS?

Mr. LARSON. Yes, sir, we do. I am told that it is 20-to-1, sir.

Mr. EMERSON. Pardon?

Mr. LARSON. I am told that the expectation is for a 20-to-1 return.

Mr. EMERSON. That is a good return. [Laughter.]

Under your proposed metropolitan and rural innovation bonus program, non-capital-intensive projects that provide innovative approaches to air quality and congestion are eligible for special treatment. The funding is also available for rural areas to solve rural access problems.

Would you give us an idea of what type of non-capital-intensive projects would be eligible for the bonus funds in rural areas?

Mr. CLYMER. You are talking about non-capital-intensive? We are trying in our——

Mr. EMERSON. Do you want me to restate the question?

Mr. CLYMER. It would be helpful.

Mr. EMERSON. Well, under the proposed metropolitan and rural innovation bonus program, non-capital-intensive projects that provide innovative approaches to air quality and congestion—I think that is key, innovative approaches to air quality and congestion—are eligible for special treatment. The funding is also available for rural areas to solve rural access problems.

What I am fishing for, what I am asking for is if you can give us an idea of what type of non-capital-intensive projects would be eligible for the bonus funds in rural areas.

Mr. CLYMER. I think, predominantly, we are talking about HOV lanes that would also integrate into——

Mr. EMERSON. Now, wait a minute. HOV lanes in rural areas?

Mr. CLYMER. I am sorry. We are talking interconnectivity and trying to connect rural and suburban areas into urban areas. In looking at the program and trying to deal not only with congestion, which is, of course, something not particularly evident in rural areas, where predominantly we have an interconnectivity problem, and we need to deal perhaps in intermodal facilities, where we can

connect the rural areas to suburban areas and subsequently into urban areas.

Mr. EMERSON. Give me a for instance. I am still puzzled.

Mr. CLYMER. Intermodal bus facilities and rail facilities, perhaps signage, things to direct people to areas where they can make these connections.

Mr. EMERSON. Rural areas would qualify for the bonus program if they had the right kinds of signs? If they were proposing certain signs, this would be an enticement?

Mr. CLYMER. Not having the signs but proposing programs to enhance the accessibility, enhance the passenger coverage of the interconnecting systems.

Mr. LARSON. May I speak to this further? For the metropolitan and rural innovative bonus programs, for urbanized areas over 200,000, the provision is for non-capital, but for projects in rural areas, the program is much more open. They could be capital or non-capital, and the intent is to bring out innovative approaches and strategies, and I guess the word "innovation" suggests that we would like people to come up with ideas, but for the rural areas, we have made the program more broadly available.

Mr. EMERSON. But you do not have specifically in mind what you are looking for. You want the rural areas to be more innovative?

Mr. LARSON. I think that is in fact the intent of the program. We do not specify a set of program actions, but certainly access to systems, better modal connections, perhaps assistance to elderly people in rural areas that are really disenfranchised from present access, these are the things that we would like to see addressed in this program.

Mr. EMERSON. That is good. So you are open there in order to give us flexibility to meet our needs.

Mr. LARSON. That is correct.

Mr. EMERSON. Very good.

Mr. CLYMER. I think one of the things that has happened over the last couple of years with the Greyhound and Trailways situations is that it has brought to our attention the need to focus more on the intercity connectivity. So we are currently, as Dr. Larson pointed out, trying to encourage outreach and encourage rural areas and access groups to come in and bring their suggestions in to us.

Mr. EMERSON. Good. I look forward to working with you and pursuing that.

One more question here. Why is the transferability from a national highway system to the urban-rural program permitted while not in the opposite direction?

Mr. LARSON. The intent, sir, is to maintain a very high priority on the national system, and so the notion of moving 15 percent was thought to be an appropriate upper limit.

The question of moving from the urban and rural to the national is something that we believe would probably not be considered a desirable move in that the match ratios are different, and we believe that the provision of funding at the national level is appropriate; as a matter of fact, for some it is too high already. And so the notion of moving money towards the more innovative block grant type program is the one that we think is most appropriate.

Mr. EMERSON. Thank you.

Mr. LIPINSKI. Thank you very much.

Mr. Brewster?

Mr. BREWSTER. Thank you, Mr. Chairman.

Mr. Laughlin must have been reading my mind a moment ago. I am a supporter of alternative fuels.

Is there anything in the form of capital help as far as developing infrastructure for compressed natural gas or other fuels of that type, and what about tax credits for conversion? We are spending about $70 billion a year on foreign oil, burning about 7 million barrels a day in automobile fuels. I think it is obvious that we have to do something on alternative fuels.

Mr. CLYMER. From a transit perspective, we have made alternative fuels one of our priority initiatives over the last several years.

Mr. BREWSTER. I heard the question on transit earlier. I am curious about the general public out there. We do not have a heck of a lot of transit in Oklahoma.

Mr. LARSON. There is no special provision in the legislation dealing with alternative fuels on the highway side.

Mr. BREWSTER. So we are doing nothing, then, to encourage alternative fuels on the highway side?

Mr. LARSON. There is no provision in that area, sir.

Mr. BREWSTER. My second question is this. What are we doing as far as development of highway materials? Are we doing significant research on highway materials, utilizing recycled rubber or whatever might work to give our highways a longer life span? Is there anything being done on that?

Mr. LARSON. Yes, sir. The whole area of improved pavements and other structures relating to the highway program is getting a lot of attention. There is a program that was approved by the Congress at the time of the last action that provided for what we call the Strategic Highway Research Program. That looks at a broad range of new technologies to make better pavements.

We have also cooperated with the States and through AASHTO and with various associations to look more carefully at a European technology. We had a combined tour of State and public and private officials that visited and came back with new ideas of how to make asphalt pavements better and more durable, and we are implementing some of those ideas.

So yes, that is an area that we are putting a lot of attention on, and we have simply got to have pavements that do in fact perform better in the world ahead.

Mr. BREWSTER. That is good to hear.

Back on the alternative fuels, the Canadian Government does have a fairly significant grant program, both for infrastructure and for conversion. I was in Alberta last year on another project, and its very obvious that they are far ahead of us on conversion of vehicles.

General CURRY. Could I speak to that for a minute?

Mr. BREWSTER. Yes.

General CURRY. While fuels are not covered in this reauthorization bill that is as you have been asking and have learned, in the National Energy Strategy, they are covered considerably. In fact we have a provision, for example, to encourage automobile manu-

facturers to manufacture vehicles that are alternative-fuel vehicles or multi-fuel vehicles, and when they do that, they get what we call a corporate average fuel economy or CAFE credit. There is a formula that allows them to in fact increase their CAFE level by manufacturing alternative fuel vehicles so that they get a better break in terms of manufacturing the rest of their fleet. So it is to their advantage to produce alternative-fueled vehicles, and all of the industry is moving in that direction, and we are encouraging them greatly in the National Energy Strategy to do that.

Mr. BREWSTER. Yes, I was aware that that was in the National Energy Strategy. I would just like to have it two or three places, and it has a better chance of being enacted, then.

Our State of Oklahoma, for instance, produced less than 300,000 barrels a day of oil last year. We never again will be a significant oil producer. That is less than any year since 1940. It is obvious that we must do some things to convert to alternative fuels.

Mr. LIPINSKI. Thank you, Mr. Brewster.

I apologize for having been late for this hearing this morning, but it is very nice to see all of you gentlemen once again.

Have we changed their position yet, meaning the Department of Transportation, on operating assistance for mass transit in large metropolitan areas?

Mr. CLYMER. No, sir.

Mr. LIPINSKI. You have not changed that.

Have we changed our position in regard to utilizing any money out of the general revenue fund for mass transit as of yet?

Mr. CLYMER. No, sir.

Mr. LIPINSKI. Let's see. What else might you have changed that I did not hear about that I would be interested in? [Laughter.]

Have you changed anything in your original proposal from the time it became public up until today?

Mr. CLYMER. No. We think it is a pretty good proposal, Mr. Chairman.

Mr. LIPINSKI. Obviously. You have been defending it all over the place, and I compliment you on that defense that you have put forth in behalf of what I consider a very feeble program.

Let me ask you a question in regard to whether I understood the answer correctly. The Illinois Department of Transportation is concerned about its bridge funding program. They are afraid they are going to lose 28 percent of their current funding underneath your new established level of service criteria.

Did I understand it, Mr. Larson, that you said that there really is not a criterion established as of yet, that you are working on that?

Mr. LARSON. That is right. We have not put forth the proposal for this level of service. We will certainly work with the State of Illinois very carefully. Mr. McCormick, the Deputy Federal Highway Administrator, was a senior official in Illinois. We have worked with Kirk Brown, the new secretary, and the good news is that the funding for bridges goes up substantially and that we are going to work very carefully to have a program that more equitably distributes those funds.

Mr. LIPINSKI. But as of yet, there really are no criteria for it, so we really do not know what we are dealing with, so it would be very difficult for them to really say they are going to lose 28 per-

cent of their funding since they do not know what the criteria are, right?

Mr. LARSON. It would be premature.

Mr. LIPINSKI. Well, since you have not really changed any of your positions, and I do not know that there is anyone else—Mr. Anderson, do you have any further questions?

Mr. ANDERSON. No.

Mr. LIPINSKI. Then I will turn the chair back to the real subcommittee chairman, Mr. Mineta. Thank you.

Mr. MINETA [resuming chair]. Dr. Larson, let me ask about the national highway system. As I understand it, it is basically 150,000 miles but it can go up to 165,000 miles because of that 10 percent plus or minus adjustment on it.

I am wondering if you could explain the criteria that were used to designate which segments of highways should be included in the national highway system.

Mr. LARSON. Mr. Chairman, I wish I could give you a precise set of criteria that we used, but in fact the criteria have been changing, and they probably will change some more. We wanted to serve the national interest, and so the miles of travel on any particular section of road was a factor.

We also looked at the early work of reclassification, and so principal arterials were part of the designation. Then, of course, we automatically included interstate and strategic highways.

But let me give you one illustration of why precise criteria were not possible. Some months ago, in our early meetings with the States, we found that for some of the Western States, the notion of a better access to a national park was considered a matter of national priority, and we had not really considered that. So we went back and said yes, for a State like Utah, for example, access to major national parks should be part of the package.

So I think, rather than looking at particular and rather specific criteria, we have tried to work with the several States to reach a broadly accepted definition of national significance, and we think we are very close to having accomplished that, as we indicated in our correspondence with you recently.

So I can give you all the various factors that have been used, but there is not a small or short, precise list because the country is simply too diverse to permit that.

Mr. MINETA. We will be talking to your staff about the bridge program. We would like a little more of a detailed explanation about that bridge program.

Let me ask you, we have been talking about flexibility. Flexibility is an important factor for you, as the chairman has indicated, and I was wondering, to the extent that flexibility really requires a good planning process, if you could explain the planning requirements in the administration's bill both from a highway as well as a mass transit perspective.

Mr. LARSON. Well, first of all, we build on the notion that the decisionmaking in the future should be moved to the appropriate level, whether that be State or local, and we provide planning funding at a 75 percent match to enable this to go forward.

We have looked especially at the Clean Air Act and provided for a total integration of planning between transportation and Clean Air requirements.

We have made the match ratios common so that transit and highway planning can go forward as a joint enterprise.

We have, both in our policy and in our legislation, put a strong focus on the MPO process as the place where this decisionmaking should be focused.

So, in a variety of ways, we have tried to send a clear signal, and have sent the money along with that signal, that we believe that for the years forward, very careful planning is going to be required to meet the transportation needs.

I think that there are some specific areas that Mr. Clymer might want to comment on.

Mr. CLYMER. I think I will just add to what Dr. Larson has already said, that we see the metropolitan planning organizations playing a key role in decision on the use of transit funds now.

All projects, as they are now will, have to be included in the local transportation improvement program, or TIP, and local governments and transit operators in each of the urbanized areas will work through the MPOs to a greater degree to decide on the best use of funds for the various proposed projects.

Mr. MINETA. The most recent report to Congress on the status of the Nation's highways and bridges identified a shortfall of 11,000 to 15,000 lane miles of new capacity on urban and rural interstate systems and other urban freeways and principal arterials.

What effect would the reduced Federal share for interstate 4R projects have on the ability of the States to address capacity needs?

Mr. LARSON. The capacity in urbanized areas, or the flip side of that, the congestion in urban areas, is certainly a major concern. We believe that the national highway system and a very substantial portion of that will be in urbanized areas, and the increased funding for this program totalling a very substantial $43 billion over the period of the bill will allow the States to address these problems.

But we have gone beyond just building toward a solution. As you know, Mr. Chairman, we have advanced in a very aggressive way the IVHS, intelligent vehicle highway system. As a matter of fact, this week there is a major conference out in Reston of the new organization, IVHS America, which is going to, we believe, bring the private and public sectors together to provide some of the non-build solutions that are necessary.

In the legislation, we also have provided for a congestion management system so that there will in fact be a requirement for the urbanized areas to look very carefully at all of the strategies that might go forward toward meeting congestion, and we have provided, of course, the flexibility to do transit or highway funding.

Finally, I might say that the highest capital investment level is for HOV lanes, for HOV lanes on the interstate system. They continue at a 90 percent match ratio.

So a variety of things, we believe, go toward solving the Nation's congestion problems.

Mr. MINETA. Now, under the administration's bill, commercial establishments would be permitted along rights-of-way of fully ac-

cessed and controlled highways on the national highway system. What effect would the location of commercial establishments on the rights-of-way of the national highway system have on those commercial establishments that are located along interchanges to serve the traveling public? We have had a number of people coming in to see us about those who saw those opportunities, made their own investments along those interchanges, and now find the possibility of seeing that being dissipated by commercialization of the rest stops on the rights-of-way.

Mr. LARSON. Mr. Chairman, this is proposal that cuts both ways. We have had major corporate interest in the idea of permitting privatization, and certainly the State of California has been one of the States that has been a leader in this concept.

It has a number of potential benefits. Besides revenue, there is the management of the area to prevent crime, for example. Having more activities would make these areas more viable.

But the legislation is permissive. It does not require a State to take such action. It is simply permissive. Overall, I believe that it would open up more commercial opportunities than in fact it would deny. So we believe that it is a desirable general direction, again at the discretion of the several States.

Mr. MINETA. Earlier, Dr. Larson, you said that 10 percent could be used for safety programs, and you listed a number of eligible activities. As I recall, one of them was railway grade crossings. The problem is, is that program authorized in law?

Mr. LARSON. There is currently a grade crossing and a hazardous location program. Those individual programs are an eliminated attempt to simplify. The same purposes would be provided for in the urban-rural and the national program, and this target of 10 percent is a way of ensuring that the safety needs of the country are in fact addressed.

Mr. MINETA. So you are eliminating the railroad crossing program but keeping it as eligible activities to be funded under the 10 percent? Is that correct?

Mr. LARSON. Ten percent or more. There is a minimum of 10 percent. But yes, that is the strategy, sir.

Mr. MINETA. General Curry, in addition to the section 402 highway safety program, the administration's proposed highway safety provisions include a bonus safety program, which you spoke to earlier. As I understand it, the bonus program provides for the awarding of grants to States that meet certain criteria, including criteria contained in the current 408 alcohol traffic safety programs and the 410 administrative license revocation program.

There have been some concerns expressed to us about the folding in of these programs together, and I am wondering whether or not you could tell us how the proposed bonus program differs from the current 408 and 410 programs and why you think this will be more effective when at least MADD and some others feel that there is a directed program in terms of alcohol that would be lost if these programs were all folded in together.

General CURRY. We think that there is a gain for the States, and we have worked with them to be sure that we have come up with things that were helpful.

For example, even though 408 and 410 are being subsumed by this broader program, we are keeping the criteria that the States had to meet under those old programs, and we are adding some new safety criteria. Let me just mention a few of those to you and tell you that it is now a menu arrangement; that is, there is a broad range, and the State only has to meet X percent of that particular group of programs.

Therefore, the state has great flexibility. They can select from that menu and choose those things that they wish to concentrate on. Those include things like safety belt use, pedestrian, bicycle, motorcycle, heavy truck safety, uniform crash data reporting, emergency medical service, public information education.

But at the same time, there is another part of the program where $25 million is set aside strictly for alcohol, and I think that will more than meet the requirements of the other programs.

So there is no real difference in the way we go about the programs, 408 and 410. The criteria stay the same. But you do get an increase of about 30 percent in the amount of funds that are available for these programs.

Mr. MINETA. Let me ask you about the CADRE program and its current status. I am wondering what is required under this new reporting system, and do you see it ultimately responding to the need for more uniform accident reporting?

General CURRY. We are very pleased with this program. It has taken an awful lot of effort, as you can imagine, to get the 50 States and the territories all to agree that they are going to report accidents with certain data elements. This has not been easy. We have been working with them for almost 2 years now trying to get that. It is not a mandatory program, by the way; it is a voluntary program.

But we are very pleased that through a number of efforts on the States' parts and our parts, we now have come into agreement. The accident data and analysis, we believe, are going to be of superior quality. In addition, it will give us an opportunity at the national level to look at accidents and accident reporting and to pull them apart and put them together and to aggregate data and things to provide the Congress. We believe CAFE will give us a much higher quality program and much better data than we have ever had before.

Mr. MINETA. All right.

Mr. Clymer, do we have a comprehensive needs study for transit as the Federal Highway Administration has done for highways and bridges?

Mr. CLYMER. I do not think we have a study quite the same as the highway needs assessment.

Mr. MINETA. Is that something we should undertake?

Mr. CLYMER. We have a 308 report which has just recently been submitted to Congress, with a number of transit statistical information available.

Mr. MINETA. Now, is that a good, comprehensive estimate as to what our transit needs might be in the United States?

Mr. CLYMER. I would say it is fairly accurate, yes.

Mr. MINETA. Fairly comprehensive? Does that estimate or that kind of study under 308 also include projected costs that are being mandated on transit agencies as a result of the Clean Air Act?

Mr. CLYMER. No, it does not.

Mr. MINETA. Do we have any idea what that cost might be to transit agencies in terms of the impact of the Clean Air Act?

Mr. CLYMER. No, not at this time.

Mr. MINETA. Is that something we are looking at?

Mr. CLYMER. Yes.

Mr. MINETA. And when you do think that we might have some kind of definitive study completed on that issue?

Mr. CLYMER. I do not think we have a particular study on the Clean Air going forward. We are trying to accumulate data as testing and alternative fuels are being looked at by various transit agencies. I think this is something that is going to evolve over the next year or so as more and more agencies, in contemplation of both the Clean Air Act and perhaps changes in the National Energy Strategy, start to come to grips with what changes they might have to make.

I think it is probably a little early right now to try to assess, in the infancy of the development of alternative fuels and their delivery systems, what the costs are, since, as these things become more and more in use, the costs of them should start to drop.

Mr. MINETA. Let me ask about something I think we touched on briefly earlier from another question, and that is this whole issue of everyone wanting to have a level playing field as it relates to highway and transit decisionmaking in a more flexible Federal program.

We still retain, for instance, new starts at an even lower level of 50–50 in the administration bill. We have lowered the Federal share as it relates to transit projects, and we have a 60–40 under both the UMTA program and the urban- rural program, and then we have the 75–25 under the national highway system.

Does this really speak to the issue of a level playing field with these various matching grant shares?

Mr. CLYMER. I think the issue of a level playing field needs to come into play when highway and transit funds are being used in terms of being interchangeable, that you do not want a decision made on a local basis that is skewed toward one or another based on a more favorable match or easier accessibility to local matching funds or a different process of decisionmaking.

I think we have attempted to level those areas out. The funds that are flexible do have the same match. The transferability of funds does require inclusion of the transportation improvement program. In the case of moving transit funds into highway, for example, the decision could not be made based on having local available funds for highways and not having matching funds for transit. They would then both have to seek the same resource for a funding match, which would then be the State general fund.

So I think we have taken a number of steps to try to level out that playing field. Certainly there are other areas in which we need to continue to push for a level playing field, a number of those being considered right now, such as in the area of the tax treatment.

Mr. MINETA. One of the things that has always concerned me is this issue of alternative analyses that new starts are subjected to, and yet new start projects on the highway side are not subjected to alternative analyses.

Why is it that we feel that environmental impact statements are sufficient for Federal decisionmaking as they relate to highway projects but that this is not sufficient for transit projects?

We will give Dr. Larson an opportunity to respond.

Mr. CLYMER. Good. The alternatives analysis process is, of course, one that is mandated by Congress and we are required to go through. It is difficult to speak to the highway side as to why they would not use a similar process. We have found the process to be an emminently successful one and one that is, in practice, also used on the highway side.

Mr. LARSON. I could comment briefly on the highway side. First of all, the States initiate the projects. The States have agencies that have the capability to do these types of analyses. As a matter of fact, several years ago, in the State of California, one of the senior officials there, Heinz Heckeroth, described to me a very detailed benefit-cost analysis approach that California had taken to reordering all of the projects in the State. This goes back a few years.

Other States have at one time or another chosen to use a benefit-cost analysis approach. But from a Federal perspective, we have really deferred to the States to make this analysis if they choose.

Mr. CLYMER. If I might also add, I think one of the other major differences between the highway new starts program and the transit program is that the highway program is apportioned based on formula. In transit, our programs are discretionary, and therefore we have to select between the cities in different States.

Mr. MINETA. We cannot use Formula 9 funds, is that correct?

Mr. CLYMER. For?

Mr. MINETA. For alternative analyses studies.

Mr. CLYMER. Yes, they can be used for that purpose.

Mr. MINETA. Or you can use your discretionary funds. If you have to use your apportioned funds——

Mr. CLYMER. That is correct. We prefer that grantees first decide what their most important projects are and use their formula funds for that and then come into the discretionary category for their lower priority projects.

Mr. MINETA. Mr. Shuster, I hope you have said hello to the President to us.

Mr. SHUSTER. I said hello to him and I said goodbye to him. [Laughter.]

It is good to have you here, and I wish I could have heard all of your testimony, although I have a feeling I know what a good bit of it would have been.

Last week, the leadership of this committee decided to support a very substantial increase in proposed funding for the surface transportation bill. In fact, we are recommending that the Federal investment in the Nation's highways and mass transit systems be $153 billion during the next 5 years, which is 46 percent more than the administration's proposal sent up there, and of that $153 billion, $119 billion would be for highway construction and rehabilita-

tion, all of which would be funded from existing gas tax levels, and then $34.5 billion for improvements to mass transit, of which 67 percent would be paid for by the existing gas tax.

Indeed, our proposal is based on four fundamental assumptions: first, that when the last nickel of the recent past as a result of the budget summit expires--and I believe it is 1996—that rather than it expiring, that nickel be applied to highway and transit expenditures; second, a modest increase in general fund spending for transit, really just to account for inflation; third, that we spend down the balances in the trust fund to a lower balance, I believe down to about $7 billion; and fourth, and perhaps the biggest sticking point, that beginning next year, the 2.5 cents, which, as a result of the budget summit, goes for deficit reduction, should rather go for what trust fund is supposed to go for, and that is into the trust fund to be used for transportation purposes.

I would be interested in your response to this proposal by the leadership of the committee as it pertains to each one of these four aspects of the package or any one of them, if you would care to comment on them.

Mr. CLYMER. Well, we have not had the opportunity to look at this proposal or to come up with a response on it. Again, I think I would point out that, of course, we do not presume any actions of Congress that Congress may take upon the sunsetting of these actions.

The proposal that we put on the board——

Mr. SHUSTER. Well, just a minute, Brian. You presume an awful lot. You sent a bill up here which is a presumption in itself. It is new legislation which proposed major transportation legislation. So I think it is reasonable—we are all making presumptions here, assumptions; that is what this all is about—as to what we think we can pass.

Do you think it is a good idea to increase spending on transit?

Mr. CLYMER. I think within modest boundaries, certainly. I do not think there is any agency head that comes before you who would not like increased funding. I think the question is in terms of what the needs are out there and what our ability to spend that is going to be, and that is something we will have to assess.

Mr. SHUSTER. I realize my questions are tough questions, if indeed not unfair questions, because you are constrained, I realize perfectly, by the administration's position on issues, and you have to support the administration's position, and I respect that completely.

But let me try what I hope is an easier part of the package. Do you believe we can spend down the trust fund to a lower level than is proposed by the administration? Perhaps Dr. Larson can respond.

Mr. LARSON. Mr. Shuster, within the administration proposal, the balance of the highway account of the Highway Trust would in fact increase in the early—well, it would reach its peak of about $16 billion in 1995, but then, without the presumption of the continuation of the 2.5 cents or certainly of the additional 2.5 cents going into the highway account, the balance drops swiftly, and if the program level stays at the level we propose that it would be in

1996, we would simply be below the minimum Byrd level requirements by 1998.

So the decision as to the continuation of the tax and the amount of the tax that goes into the trust fund are absolutely central provisions to any calculations that we would make.

Mr. SHUSTER. Is it fair, then, to say that if, indeed, we do extend the trust fund, then you do not need that $16 billion buildup there, and therefore we can spend down the balance in the trust fund by several billions of dollars as long as we have extended the trust fund into those later years?

Mr. LARSON. The comments that I made a few moments ago suggested that on the order of $5 billion to $8 billion additional spending over the life of the 5-year reauthorization would be possible. But again, we are operating under the constraints of the budget agreement, the Byrd amendment, and the level at which the States can usefully ramp up their programs, and those constraints are all difficult ones to work within. We have tried to do that in our administration bill.

Mr. SHUSTER. Taking the last point, Dr. Larson, do you believe if the Congress can find a way to extend the trust fund in order to, within the revised law, make that $5 billion to $8 billion additional available, do you believe the States can in fact spend it?

Mr. LARSON. Given even a modest period of ramping up, I am sure they can. The experience of the past would suggest that they can. But I think it is important to note that between 1990 to 1991, the action that was taken to significantly increase spending, the 1992 proposal and this 5-year proposal does have a steep ramping up, and I think it is a matter of having the proper conditions surrounding the money and then giving the States a lead and some comfort level that it is going to be continued.

One of the concerns is that at the present we are operating with States that do not have the level of comfort, perhaps, and contractors that do not have the level of comfort, perhaps. They need to make the additions to their staffs and to their capabilities that would support this kind of an effort.

Mr. SHUSTER. Well, I think that, indeed, we are facing an historic opportunity here, and I think the American people should be very happy to have you three gentlemen in the positions you are in, because I think you absolutely bring to the table the kind of expertise and wisdom that is so badly needed, and I want to compliment all three of you for the absolutely outstanding job you are doing. We should have medals to give out as they do in the Defense Department, and if we did, all three of you would be very deserving.

Thank you.

Mr. MINETA. Let's turn to our fine colleague from Georgia, Mr. Lewis.

Mr. LEWIS. Thank you, Mr. Chairman.

Since I missed most of the testimony and arrived late, let me just ask Mr. Larson just one question.

Mr. Administrator, I would like to know what is the position of the administration regarding the cutting of trees along the Federal-supported highways in order for motorists to see billboards.

Mr. LARSON. The proposal in the legislation is that for the portions of the system outside of urbanized areas of 50,000 or more,

there would be a billboard control provision. In urbanized areas, we would simply permit that responsibility to be a municipal or State government responsibility.

Mr. LEWIS. Have you had an opportunity to review the piece of legislation that has been introduced in the Senate, in the other body, and the piece that I have co-sponsored with my colleague, Mr. Shaw from Florida?

Mr. LARSON. No, sir, I have not.

Mr. LEWIS. Thank you, Mr. Chairman.

Thank you, Mr. Administrator.

Mr. LARSON. I will do that, sir, promptly after this hearing.

Mr. LEWIS. Thank you.

Mr. LIPINSKI. Mr. Chairman?

Mr. MINETA. The gentleman from Illinois, Mr. Lipinski.

Mr. LIPINSKI. I just have one question.

In regard to the ADA, do we have any figures out of the Department of Transportation on what that is going to cost mass transit in this country as of yet?

Mr. CLYMER. No. That is currently under review as part of the NPRM that will be issued in implementing the ADA rule.

Mr. LIPINSKI. Do we know when that is going to come out?

Mr. CLYMER. I do not have a time on it, but it should be shortly.

Mr. LIPINSKI. Thank you.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much.

Let me again reiterate what Mr. Shuster said and what I had mentioned earlier about the team that is at the Department of Transportation as well as those of us in the Congress. I really do feel confident that we are going to be able to come up with a good program. We are going to work together on this. So again, I appreciate very much your being here as part of this constructive effort to have a 5-year timely bill.

Thank you very, very much.

Mr. LARSON. Thank you.

Mr. CLYMER. Thank you.

General CURRY. Thank you.

[Mr. Larson's, Mr. Clymer's and Mr. Curry's joint prepared statement appears on page 315.]

[Responses to Post-hearing Questions From Mr. Clymer Follow:]

QUESTIONS FOR SURFACE TRANSPORTATION HEARING
(HOUSE PUBLIC WORKS - COMMITTEE)

Q-1: MR. CLYMER, the Administration's bill calls for "flexibility" among the transit programs, which roughly translated means the ability of State DOT's to transfer ALL of its transit funds to highway projects, and the ability of transit authorities to use a small percentage of highway funds.

This flexibility, as it might apply to rural and small urbanized areas, would only intensify the isolation of rural and small urban area services -- not enhance them.

Wouldn't it be better to exempt rural and small areas, given their grave need for additional services funding, and leave it in place for large urban areas who believe they can successfully compete for funding transfers if their State DOT's find them necessary?

If not, why not?

ANSWER: We believe that decisions regarding the use of transit program funds for highway projects (or vice versa) are best made at the State or local level, and that is what our bill provides. We think that issues should be looked at from a larger transportation perspective rather than be based upon the availability of Federal funds from discrete programs.

Regarding small urban and rural areas, our bill would give the Governors flexibility to allocate section 9 (small urban), section 18 (rural), and section 16(b)(2) (elderly and disabled) funds - some $310 million a year - among those programs at the discretion of the Governor. These funds also would be eligible to fund highway projects.

We were concerned, however, in drafting this proposal that in some cases transit funds might be used for highway projects without an adequate consideration of transit needs. Accordingly, our bill would allow a Governor to use small urbanized area and rural formula funds for highway projects only if the Governor certifies that no priority transit needs are unmet among such areas and the affected areas concur. By giving these areas an active role regarding how transit funds will be spent, we think transit interests will be protected.

**Q-2: MR. CLYMER, my Mobility Assistance Act, H.R. 1079, contains a Mobility Assistance Program especially designed to help implement the provisions of the Americans with Disabilities Act by helping defray the costs of compliance. There is, according to the U.S. Department of Transportation's published rule on the requirements for accessible vehicles being obtained for use in fixed route services, an estimated cost in the range of $72 to $78 million a year -- yet your bill does nothing to add funding for these additional costs.**

**Given that you estimated $78 million for the cost of compliance with the ADA for transit authorities, but did not recommend a funding source -- just how did the Administration believe local transit agencies would be able to fund the costs of these new requirements?**

**What is your opinion of the MAP program contained in H.R. 1079 for that purpose?**

**ANSWER:** It is important to note that the Americans with Disabilities Act applies to all transportation providers and is not limited to recipients of Federal funds. It really is a civil rights bill that will bring persons with disabilities into the mainstream of American life.

More specifically, we believe that the increased capital formula funding in our proposal is a good start in helping areas address their transit needs, including those arising from the costs of implementing the Americans with Disabilities Act. We propose to make some eighty two percent of the funds under our program available by formula.

Regarding H.R. 1079, the Department is now drafting its views on that bill, and we will forward that document to the Committee as soon as possible.

**Q-3: While it is heartening to have a set of Administration recommendations that do not include dramatic cuts for transit assistance, the level of funding being proposed would still not keep pace with inflation. Given that transit assistance has been cut in half, in real terms, over the last decade and that it is now assigned a budgetary importance only one-fourth of that assigned to it ten years ago, did the Office of Management and Budget give you any indication of the reasoning they used in arriving at the levels being proposed?**

**ANSWER:** We believe the funding levels in our proposal - approximately $3.2 million a year from the Mass Transit Account of the Highway Trust Fund - together with the higher local share proposed in our bill, are sufficient to address the capital needs of transit systems over the next five years. As Secretary Skinner often has noted, projects get built on time and within budget when more local funding is committed to the project.

**Q-4: The Administration proposes relying almost entirely on funds from the Mass Transit Account for UMTA programs. Estimates prepared by the Congressional Budget Office suggest to me, at least, that while there is sufficient funding to cover the period of your proposal, the Mass Transit Account would be liquidated within five years thereafter unless new revenues for it are approved. Does the Administration have estimates that are substantially different from those of CBO? If not, how do you recommend that we deal with this problem?**

**ANSWER:** Quite frankly, our proposal responds to a recommendation we have been hearing repeatedly from members of Congress, States and localities over the past year or so, namely, that we spend down the Trust Fund. Our bill would do just that. By fiscal year 1996, only some $425 million in Mass Transit Account funds would remain uncommitted under our proposal.

At the same time, however, even with this level of commitment, some $8 billion in cash would still be in the Mass Transit Account generating interest in 1996, and the one cent for transit from the tax on motor fuels would be collected through fiscal year 1998. Those two elements alone should generate considerable funding, even without taking into consideration what Congress or the Administration might propose regarding the tax on motor fuels beyond 1998.

**Q-5: There is another problem relating to the near-total reliance on Mass Transit Account funding for the UMTA programs. It is my understanding that, under current law, Mass Transit Account funds can not be used for operating assistance. While you are proposing that operating assistance be terminated for areas of 1 million or more in population, you are assuming that it will continue at about the same level as now in other areas, are you not? Is the Administration proposing to amend the legislation establishing the Mass Transit Account so as to make those funds more flexible? If not, isn't this an inconsistency in your budget proposals?**

**ANSWER:** We agree that Congress would have to enact legislation permitting Mass Transit Account funds to be used for operating assistance. We believe enactment of the language in our bill would provide that authority, but also would support a change in the revenue portion of the bill that would explicitly permit Mass Transit Account funds to be used for operating assistance.

Question 6
UGM-11
Sahaj

QUESTION: Table 1-1, Page 16, of the Fiscal 1989 Statistical Summaries prepared by UMTA breaks down $3,354.6 million in total program obligations that year by size of recipient area. Comparing the figures in that table with estimated 1989 population figures, my staff have calculated the following levels of per capita assistance: $24 in the large urbanized areas (200,000 population and up); $7 in small urbanized areas (50,000 to 200,000 in population); and $1 per capita outside of urbanized areas. Would you furnish the Committee with comparable figures for 1984 and for anticipated levels of assistance in FY 1992 under the Administration proposal?

ANSWER: The table 1-1 below displays FY 1984 obligations for capital and operating by program and population group. Based on these obligations, the per capita distribution by the three area sizes you identify, using 1980 census data, is as follows: $29.86 in the large urbanized areas (200,000 population and up); $5.28 in small urbanized areas (50,000 to 200,000 in population); and $1.39 per capita outside of urbanized areas.

We are unable to provide comparable estimated obligations for FY 1992 at this time. However, the Administration's reauthorization proposal for the formula program in FY 1992 would provide the following amounts of formula funds to the three area sizes you specify. The per capita calculation is based on 1980 census data, since we do not yet have the 1990 data.

| | FY 1992 Formula | Per Capita |
|---|---|---|
| 200,000 - and up | $2,271,126,315 | $19.46 |
| 50,000 - 200,000 | 176,287,375 | 7.29 |
| under 50,000 | 89,000,000 | 1.03 |

In addition, the Administration's proposal for the discretionary program in FY 1992 is $350 million. Of this amount, $300 million is intended for New Starts projects, all of of which are in urbanized areas above 200,000 in population.

TABLE 1-1

FY 1984 OBLIGATIONS FOR CAPITAL AND OPERATING
BY PROGRAM AND POPULATION GROUP

| URBANIZED AREAS | BUS | RAIL MOD | NEW SYSTEMS | TOTAL CAPITAL | OPERATING | GRAND TOTAL |
|---|---|---|---|---|---|---|
| OVER A MILLION POPULATION | | | | | | |
| DISCRETIONARY | 155,112,138 | 543,995,338 | 326,824,400 | 1,025,931,876 | 0 | 1,025,931,876 |
| FORMULA | 508,092,719 | 447,096,703 | 68,790,196 | 1,023,979,618 | 620,886,280 | 1,644,865,898 |
| INTERSTATE TRANSFER | 2,246,499 | 112,693,598 | 64,682,912 | 179,623,009 | 0 | 179,623,009 |
| STARK-HARRIS | 0 | 0 | 226,000,000 | 226,000,000 | 0 | 226,000,000 |
| SUB-TOTAL | 665,451,356 | 1,103,785,639 | 686,297,508 | 2,455,534,503 | 620,886,280 | 3,076,420,783 |
| 200,000 - 1 MILLION | | | | | | |
| DISCRETIONARY | 28,955,415 | 0 | 0 | 28,955,415 | 0 | 28,955,415 |
| FORMULA | 146,143,254 | 4,234,549 | 397,000 | 150,774,803 | 200,857,344 | 351,632,147 |
| INTERSTATE TRANSFER | 5,212,732 | 0 | 23,221,320 | 28,434,052 | 0 | 28,434,052 |
| SUB-TOTAL | 180,311,401 | 4,234,549 | 23,618,320 | 208,164,270 | 200,857,344 | 409,021,614 |
| 50,000 - 200,000 | | | | | | |
| DISCRETIONARY | 4,048,590 | 1,504,656 | 0 | 5,553,246 | | 5,553,246 |
| FORMULA | 72,040,166 | 6,699,565 | 0 | 78,739,731 | 101,512,105 | 180,251,836 |
| INTERSTATE TRANSFER | 1,823,465 | 0 | 0 | 1,823,465 | | 1,823,465 |
| SUB-TOTAL | 77,912,221 | 8,204,221 | 0 | 86,116,442 | 101,512,105 | 187,628,547 |
| RURAL | | | | | | |
| DISCRETIONARY | 2,789,457 | 0 | 0 | 2,789,457 | 0 | 2,789,457 |
| FORMULA | 68,781,243 | 0 | 0 | 68,781,243 | 47,180,459 | 115,961,702 |
| INTERSTATE TRANSFER | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL | 71,570,700 | 0 | 0 | 71,570,700 | 47,180,459 | 118,751,159 |
| | | | | 0 | | |
| GRAND TOTAL | 995,245,678 | 1,116,224,409 | 709,915,828 | 2,821,385,915 | 970,436,188 | 3,791,822,103 |

PLEASE NOTE THAT 16(b)(2), URBAN SYSTEMS, AND PLANNING ARE NOT INCLUDED. FORMULA INCLUDES SECTIONS 9A AND 5.

**Q-7: It has been said that nearly half of our nation's rural residents do not have access to pubic transportation services and that more than one-fourth of our small urbanized areas are without such service. Would you furnish the Committee with information on the number of counties in the United States not in the service area of a public transportation agency funded under sections 9 and 18 of the Act?**

**ANSWER:** Let us first point out that UMTA has published an extensive directory on rural transit, "A Directory of UMTA-Funded Rural and Specialized Transit Systems." Its 4,409 listings include all agencies providing rural public transportation funded under section 18 of the UMT Act, and all nonprofit agencies receiving capital assistance for transportation of the elderly and handicapped under our Section 16(b)(2) program. Moreover, it lists all of the counties in the country in which at least some service is provided.

In response to your question, our records indicate that there are 32 small urbanized areas between 50,000 and 200,000 in population that do not have conventional mass transit service. This represents twelve percent of the 257 urbanized areas within this population category.

According to research performed by the Community Transportation Association of America in preparing the UMTA directory, 950 of the 2375 non-metropolitan counties in the U.S. do not have any section 18 service. In addition, 1425 non-metropolitan and 383 metropolitan counties are listed in the Directory as having some section 18 service.

**Q-8: The funding level being proposed for the Section 18 program is $89 million, which appears at first glance to be a welcome and significant increase over this year's $65.4 million in formula funds. However, the FY 1989 UMTA Statistical Summary indicates that it may be the equivalent of $2 million cut when you consider the section 3 funds previously available to non-urbanized areas. And, if you adjust for inflation, the proposed FY '92 funding appears to be a level less than 58 percent as large as actual obligations under the Section 18 program in FY '84. Under those circumstances, would you be opposed to a more realistic increase in the rural program?**

**ANSWER:** The proposed funding level in our bill for the Section 18 program - $89 million - represents a significant increase over the current rural program level. We should also again emphasize that funds would be available to fund transit projects under FHWA's proposed Urban and Rural Program, which could represent additional funding for these areas. In short, we believe that our bill represents a significant recognition of the importance of the rural program and provides an appropriate funding level.

**Q-9: It seems to me that there has been general recognition that public transportation agencies in rural and small urban areas are far more dependent on Federal operating assistance than are systems in larger urban areas -- not only because the local tax base is likely to be more limited but also because their ridership is more heavily characterized by the elderly and others on fixed or low incomes. Leaving aside for the moment the issue of operating assistance in areas of 1 million or more in population, which the Administration has rather consistently opposed, what new factors lead you to propose for the first time this year the "capping" of operating assistance for the Section 18 program?**

**ANSWER:** Our proposal would allow rural areas to continue to spend Federal transit funds on operating expenses up to permissible levels in fiscal year 1991. We believe that amounts beyond that level - the increased program level the Administration is proposing - should be spent on the capital needs of these areas. We did not want to increase the reliance of rural areas on Federal operating assistance, since operating costs can best be controlled at the local level.

Q-10: I am often told by rural transit operators that coming up with the local match required for UMTA assistance is one of the toughest challenges they face -- especially in those States which do not provide any financial assistance to public transportation. I have also been told that this makes it extremely hard to extend service into unserved areas. The Administration is proposing to more than double the local dollars that have to be raised to secure the same level of UMTA assistance. In a State like West Virginia, for example, 25 of the 45 rural counties do not currently have section 18 services. In 20 of those counties, per capita income is $6,700, which is 38 percent below the national average. Do you think that increasing the match requirement is just going to make it that much more impossible for those people to get their mobility needs met? Do you think that where the State and the locality are already taxing themselves fully and they can not meet that match requirement, they should be given some special consideration?

ANSWER: You raise some very good issues. But bear in mind that our perspective is national and we have to decide, within budgetary constraints, how transit funds can best be allocated around the country. In fact, the National Transportation Policy explicitly calls for local and State areas to play a larger role in terms of financing transportation costs. This enables Federal transit dollars to be leveraged across the country, and places greater responsibility for implementing and carrying out projects at the local level.

Mr. MINETA. At this time, I would like to call on Mr. Hal Rives, the Commissioner of the Georgia Department of Transportation and the National President of the American Association of State Highway and Transportation Officials.

Mr. Rives will be accompanied by the Executive Director of AASHTO, Francis B. Francois.

We are pleased, Mr. Rives, to have you and Mr. Francois with us this morning. Your statement will be made a part of the record, and you may proceed in your own fashion.

**TESTIMONY OF HAL RIVES, PRESIDENT, AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS AND COMMISSIONER, GEORGIA DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY FRANCIS B. FRANCOIS, EXECUTIVE DIRECTOR, AASHTO**

Mr. RIVES. Thank you, Mr. Chairman.

As you say, I am Hal Rives, president of AASHTO, and Mr. Frank Francois, executive director of AASHTO, is here with me today.

You have been provided copies of my written statement, which I would like to submit for the record.

Let me begin by thanking you and the subcommittee for conducting this hearing and for your pledge to move rapidly forward with legislation reauthorizing the highway and transit programs.

We also want to thank the leadership of the Public Works and Transportation Committee for the strong highway and transit funding recommendations they sent to the Budget Committee last week.

We recognize the difficulties faced by the Congress in meeting those recommendations. But you have spoken out very forcefully about the real needs of America's transportation systems, and that is always good.

AASHTO's recommendations for the federal-aid highway and transit programs are contained in our 1989 report, New Transportation Concepts for a New Century, and other policy resolutions. The report and those policy resolutions have been approved by at least a two-thirds' majority of our member States and have been transmitted to this subcommittee.

We have summarized AASHTO's recommendations on one sheet of paper, which is exhibit B to my written statement. Let me briefly review these and, where we differ, discuss the differences between our positions and those taken by the administration in H.R. 1351.

Let me say, however, that AASHTO commends both Secretary Skinner and President Bush for their initiative in developing and sending this bill to the Congress. We believe it establishes a framework for reauthorization, but we take issue with certain important elements of the administration's bill. I will describe these along with AASHTO's positions on these same issues.

First, for highways, AASHTO believes that the Federal-aid highway program should be restructured into a two-component program designed for the America of the 1990s. The first component is a categorical program focused on meeting national transportation

goals, a system of highways of national significance that would include the interstate system and additional mileage from the principal arterial system.

While the association has not specified specific mileage levels, our report does suggest mileage levels between 150,000 to 180,000 miles. I would recommend the latter mileage rather than the first.

The second basic component of our recommended highway program is a flexible State and local program focused on specific national goals identified by the Congress. This program will provide the flexibility needed to address the unique needs found in the communities across the Nation, while assuring that the Federal funds are spent to solve those national issues. Funds could be used on either highways or for public transit as determined by the States and their local governments.

The two programs are called the national highway system and the urban-rural program in H.R. 1351. I will use that terminology in this statement with respect to them.

H.R. 1351 is very close to our programs for the national highway system except in mileage, funding, and allocation of funds, and that is a pretty big exception. H.R. 1351 recommends only 150,000 miles, with another 15,000 miles at the discretion of the Secretary. AASHTO recommends 150,000 to 180,000 miles. Some States find this adequate, while others, including my State, believe that a higher cap approaching some 200,000 miles is more realistic. We ask that you please look very carefully at this issue. It is extremely important.

With respect to funding, AASHTO recommends a Federal-aid highway program funding level of $17.6 billion in fiscal year 1992, rising in increments to $25.9 billion in fiscal year 1995. The funds would be divided evenly between the two components, with the possibility for transferring up to 20 percent from one component to the other.

As to matching ratios, the association recommends an 85 percent Federal-15 percent State and local match in the Federal aid highway program. Unfortunately, however, H.R. 1351 does not include sufficient funding for the highway component. Funding in H.R. 1351 rises to $16 billion in 1992 and continues to rise to only $18.3 billion in 1995 as compared to AASHTO's recommendation of $25.9 billion in 1995.

It further shifts a greater burden to the States with lower matching ratios, which reduces the existing overall matching rate of about 83 percent Federal and 17 percent State and local to an average of about 72 percent Federal to 28 percent State and local. Simply put, the funding levels and the proportions of the funds are far below what is needed and what is a proper Federal share.

Also, H.R. 1351 proposes a two-thirds/one-third split of funds between the national highway system and the urban-rural programs, allowing a 15-percent transfer from the national highway system down to the urban-rural program.

AASHTO examined this issue very thoroughly in developing its recommendations for a 50-50 split between these two programs, with a capability to transfer 20 percent either way. We believe this is a much better division of the funding in that it would accommodate the specific and unique highway situation in each State. With

a two-thirds and one-third split and the low mileage recommended by H.R. 1351, too much money will be dedicated to too few miles. This should be changed.

AASHTO supports a continued minimum allocation program for the national highway system, but only for the national highway system. Specifically, AASHTO believes that minimum allocations should be developed for any program addressing the needs under the national highway system. The MA would apply only to those funds designated for components of the national highway system, including interstates and bridges.

Specifically, AASHTO recommends that an 85 percent MA provision should be established and the existing ½ percent minimum apportionment retained for the national highway system. Along with the minimum allocation program, I believe there must be language not penalizing MA States by deducting from the minimum allocation other monies received from discretionary, demonstration, and other types of programs, as is in the current legislation.

For the urban-rural program, AASHTO recommends returning 100 percent of the funds to the States on the basis of "pro rata shares" based on percentage of total highway user contributions attributable to each State. Unfortunately, H.R. 1351 contains no minimum allocation program.

The opposite side of the equity coin, however, from the MA is hold harmless. AASHTO's New Concepts recommendation calls for assured hold harmless to all States so that no State will receive less annually under the new program than the current highway program would receive in 1991, as if all States had completed their interstate highway system.

The New Concepts report does not recommend a specific allocation formula for the national high system. It does, however, include a general guideline which reads as follows: "The basic formula for distributing national highway system funds should be driven by factors such as lane miles, travel (VMT), and other appropriate factors."

Inherent in this statement is a separation of the formula from direct reliance on the number of miles in the national highway system. Instead, the desire is to make the formula responsive to measures of need, which AASHTO believes includes lane miles and travel on the system.

The formula advanced in H.R. 1351 relies mainly on fuel consumption, which is, of course, a surrogate for travel. The formula also includes center-line miles as opposed to lane miles.

AASHTO has spent considerable time and effort examining different formulas, but there is no real consensus among the States. So far, we are not aware of any formulas which our member departments would agree provide reasonable equity in funds distribution for donor States. It appears, therefore, that the best available way to achieve this equity is through a minimum allocation program, as discussed above.

With respect to highway safety, AASHTO believes that highway safety is most important, and it should be an eligible item for expenditure in both the national highway system program as well as the urban-rural program.

Now for transit. AASHTO supports the current basic structure of the federal transit program. We also support the current funds distribution process, except that for funding beyond the current $1.1 billion in the discretionary program, a formula distribution should be used holding currently funded programs harmless.

We also support continued operating assistance for areas over 1 million in population and the current matching ratios. AASHTO strongly supports continuation of general fund support for the Federal transit program.

With regard to the Federal funding level for transit, the association recommends a capital funding level of $3.5 billion for fiscal year 1992, increasing to $5 billion in fiscal year 1995, accompanied by a continuation of operating assistance at the current level of about $800 million annually. Unfortunately, the program in H.R. 1351 is essentially level-funded at $3.25 billion for 5 years. This means that your program level will go down if your funds stay level.

We find that this is unacceptable. Unfortunately, therefore, we must express our opposition to the following transit proposals in the administration's bill: Elimination of operating subsidies for cities over 1 million in population. We think this will cause a diminishment of service, thus decreasing the return on billions of dollars of capital investment.

We also oppose: No growth in funding over the life of the bill; reducing the Federal match; and elimination of general fund support for transit.

AASHTO is well aware of the fiscal constraints placed upon the Congress by the 5-year budget accord enacted last fall, especially for fiscal years 1992 and 1993. But additional funds are needed for both highways and transit above what is recommended by the administration. We hope you can provide funding to the levels we have recommended.

Mr. Chairman, on behalf of AASHTO, we thank you for this opportunity to provide you with our views. Mr. Francois and I stand ready to respond to questions now or later in writing.

Mr. MINETA. Thank you very much, Mr. Rives.

Let me at this point turn to our very fine colleague from your State, a person who has had a great deal of influence on this subcommittee as well as the full committee and who has done a great job for us, Congressman John Lewis.

Mr. Lewis?

Mr. LEWIS. Thank you very much, Mr. Chairman.

It is good to see you, Mr. Commissioner. I know you are wearing two hats today, and let me just take an opportunity to welcome you here. You have been welcomed by the chairman.

Mr. RIVES. Thank you, sir.

Mr. LEWIS. I congratulate you on being the president of the American Association of State Highway and Transportation Officials.

Mr. RIVES. Thank you.

Mr. LEWIS. I was not aware that you were going to be here until a few hours ago. My office is in regular contact with you, and you usually call when you are on Capitol Hill or when you are coming to Capitol Hill. You did not need to get a visa or a passport, but I

am glad that you are here, and I want to take an opportunity to ask you a couple of questions about some matters that I think are important to the Nation and to the State of Georgia.

One of those matters, Mr. Director, happens to be maybe a very local matter, and it deals with something that is known as the Presidential Parkway. Could you tell us and members of the committee, what are your plans regarding the building of the road known as the Presidential Parkway? Are you still pursuing the building of that road?

Mr. RIVES. Mr. Congressman, we are right now in very intensive discussions with representatives of the City of Atlanta and the representative of CAUTION, which is the umbrella neighborhood group, in trying to reach a compromise.

We discussed this matter all last Saturday, with attorneys for both sides there and executives from both sides present. I think it is significant that we all advanced compromise proposals. I think it is even more significant that we agreed to get together next Tuesday and Wednesday and see if we could not reach a compromise. I am hopeful that we can.

Mr. LEWIS. Could you tell us members of the committee where this road is going to go, from where to where?

Mr. RIVES. As currently designed, it leaves from what we call the downtown connector, which is a combination of I-75 and I-85 as it passes through the City of Atlanta. It starts with the connection to that, travels easterly, crossing several major arteries, crossing Moreland Avenue, providing access to the Jimmy Carter Library complex, proceeds on across Moreland Avenue, crosses several city parks, goes through the historical district, and winds up with a connection on Ponce de Leon just at the Atlanta city line in DeKalb County.

It is estimated to cost, in the overall, counting some funds already spent, about $27 million. The traffic forecasts are that it will carry some 32,000 vehicles per day.

Mr. LEWIS. How much in Federal dollars will be allocated or spent for the construction of this road?

Mr. RIVES. It is funded under the urban systems program, which is an 80–20 match.

Mr. LEWIS. Mr. Commissioner, is it true that most of the elected officials, including the mayor of the city of Atlanta, members of the city council, the county commissioners, all of the elected officials in those impacted areas are opposed to this highway?

Mr. RIVES. I would not say that all are. I would say that the majority are. I think, to be fair, though, I would have to say that this project was developed by the Metropolitan Planning Agency, it has been supported by the Metropolitan Planning Agency, and it continues to be supported by the Metropolitan Planning Agency.

Mr. LEWIS. Mr. Commissioner, let's move to another area. I notice in the State of Georgia and around the Nation there have been a great deal of discussions about what I call visual pollution. I notice that you have been holding hearings in the State. What is the position of the State highway and transportation officials regarding the cutting of trees, greenery, in order for motorists to see billboard?

Mr. RIVES. The State Transportation Board, which is the policy board for whom I work, which sets the policy of the department, had been approached by the Outdoor Advertising Association to allow the trimming—and that is somewhat different from cutting—the trimming of trees in order to make outdoor advertising billboards more visible.

The State Transportation Board is thinking of adopting a rule—they have published the rule as a draft rule, and we have had public hearings on it—which would allow the trimming of trees and in some few instances the actual removal of trees. When trees are removed, the removing party will have to replant three additional trees on the same route at a location nearby.

These are still draft rules. The State Transportation Board will address whether or not to make those rules final at its April board meeting.

Mr. MINETA. The gentleman's time has expired. We will have an opportunity to go with a second round.

Mr. LEWIS. Thank you, Mr. Chairman.

Mr. MINETA. The very distinguished friend of ours from Pennsylvania, Mr. Shuster.

Mr. SHUSTER. Thank you very much, Mr. Chairman.

We certainly appreciate your testimony. You were here, I think, when I was raising questions with the previous witnesses concerning our proposal to increase funding.

Mr. RIVES. Yes, sir, I was.

Mr. SHUSTER. What is your reaction to that? What is AASHTO's position on the proposal of the leadership of the Public Works Committee as released last week?

Mr. RIVES. I think it is great. [Laughter.]

Mr. SHUSTER. All right. Let me move on to the next question. AASHTO supports our position. Do I understand that?

Mr. FRANCOIS. Mr. Shuster, let me speak up on one other aspect of that. You queried whether or not the States would be able to support Federal funding levels of this scale.

I think there are at least two factors involved there. One issue, of course, is what is the ultimate match out of the Federal aid highway program, which clearly affects how much State and local money we ultimately need. We do know that the States clearly support the AASHTO program as we have laid it out to you, and we do know that a majority, at least, of the States are certain that, given time, they could clearly meet higher Federal funding levels. The record is such that it indicates that is exactly what would occur.

When the 1982 act was passed, there was great fear on some people that the States would not be able to achieve the increased matching dollars. We did. During the 1980s, the States repeatedly increased fuel taxes and other sources of revenue to the point that whereas the average fuel tax in 1980 was about 8.6 cents per gallon, it is now well over 16 cents and still climbing. So we are confident that the States would match whatever dollars Congress makes available.

Mr. RIVES. One statement that was made by the previous gentleman here at this table, though, however, is significant, and that is particularly for the contracting industry to gear up to handle

that—and they would have to gear up, too—they need some assurances of continuation.

Mr. SHUSTER. One of the goals you emphasized in your testimony is preserving America's existing highway system. The administration's proposal does not impose any minimum requirements for maintaining of the interstate system. Would you support such minimum requirements?

Mr. RIVES. Yes, sir, I would. AASHTO will support such minimum requirements. We think they should be realistic. As far as my State is concerned, we already maintain ours quite well.

Mr. SHUSTER. Nor does the administration's proposal impose any specific guidelines on the States in the allocation of funds between urban and rural areas, other than to say that they should be distributed fairly and equitably. Do you think that should be more specific?

Mr. RIVES. No, sir. I like that flexibility. I believe that each State needs to be able to do that within their own unique circumstances, and remember, we are responsive to the populace because we are responsive to general assemblies that have been elected by the populace. I think that we can do that quite fairly.

Mr. SHUSTER. The historic argument here, I believe, has been that in some States the legislatures, the general assemblies are controlled by the rural areas, and in those States the urban areas will get shortchanged; and, conversely, in other States, the urban areas control the legislature, so it is the rural areas who get shortchanged.

By the Congress providing some specificity between how the money should be spent between urban and rural, it assures a balance and eliminates political manipulating by regions of States which have the political clout. Would you care to comment on that? You do not think that is worth consideration?

Mr. FRANCOIS. Mr. Chairman, if I could just offer some comments on that. First of all, we need to remember, as Congress is well aware, that it is reapportionment time, and we are going to see reapportionment in State legislatures, also, out there all over the country. So it is a little uncertain now to determine the makeup of different States.

Mr. SHUSTER. Yes, but reapportionment is going to be over, and it is going to be back to business as normal.

Mr. FRANCOIS. Well, whatever business as normal is, although that may change in some States.

I think maybe the more important point, though, is to ask what action Congress could take that would deal equitably with 50 different State constitutions, 50 different State systems out there.

In my own State of Maryland, we worked out a compact years ago between the local governments and the State government where all the Federal aid basically goes to the State government. So in that instance, it makes no real change. In some States—North Carolina, for example, where the State has responsibility for all roads—you have a different situation.

So it is hard to really come up with a single formula. We think the best approach is to require the States to come up with a fair formula. Now, what is fair? Perhaps there you can offer some guidance.

Mr. SHUSTER. Thank you very much.

Thank you, Mr. Chairman.

Mr. MINETA. Mr. Rives, AASHTO has chosen a formula of 50 percent section 9 formula factors and 50 percent population factors to distribute additional monies made available to transit above current levels. Why did AASHTO use this formula?

Mr. FRANCOIS. Mr. Chairman, that was the result of extensive negotiations between a number of States, and quite frankly, it was a compromise that we could reach agreement on. I cannot put it any simpler than that.

Mr. MINETA. We have talked about funding levels between highway spending and transit. AASHTO proposes an increase of roughly 47 percent for highways. Transit programs are increased by 35 percent. Considering AASHTO's policy acknowledgment of the tremendous transit needs in this country and the underfunding of both highway and transit programs over the last decade, why doesn't AASHTO propose increasing transit programs by a higher percentage, similar to highways, as they have done?

Mr. RIVES. We think, Mr. Chairman, that any inequity in that will and can be taken care of in the urban-rural program, whereby AASHTO recommends as part of that program the funds in that program can be used for transit as well as highways.

Mr. MINETA. And what about your proposal to keep operating assistance capped at the approximate $800 million right now rather than to adjust the cap for the dollars lost to inflation over the last decade, or to include an inflation adjustment for the fiscal years 1992 through 1996?

Mr. RIVES. At the time we made that recommendation, Mr. Chairman, we thought that was probably the best we could do.

Mr. MINETA. Now, you have not recommended a funding formula to distribute highway funds, although vehicle miles traveled and its surrogate, motor fuel usage, are generally supported by you in your statement as "appropriate factors."

Mr. RIVES. Plus lane miles, Mr. Chairman.

Mr. MINETA. How would you propose to compensate those communities, then, that are, for instance, out of clean air attainment, where that would significantly reduce their vehicle miles traveled and which would then be penalized under a flexible Federal surface transportation program which used VMT to distribute funds?

Mr. RIVES. I believe that is another reason why we need to fall back on the minimum allocation program, and that would be the backstop that would take care of that as well as for other things that might occur.

Mr. MINETA. Now, in your statement and in previous AASHTO proposals, technologies such as IVHS are recommended as a means to alleviate congestion and to create a safer highway environment. Are there technologies other than IVHS that you would also recommend?

Mr. RIVES. To create a safer highway environment, there are improvements that we can do. I think, however, that there is a limit to what improvements can do. On the best designed freeway that I know of, which is I-85 in Atlanta, still, when you travel it out, going home from work, if you do not travel 70 miles an hour, you are a moving obstacle to the flow of traffic. How we get around

that when you start talking about highway safety, I do not know. Perhaps greater enforcement.

Mr. FRANCOIS. Mr. Chairman, I would note that AASHTO has adopted a comprehensive safety program which I believe we provided copies of to the committee in the past. The issue of safety is a very comprehensive one.

Mr. MINETA. Well, rather than safety, I was thinking more in terms of innovative technology and what we should be doing in terms of R&D efforts. The kind of money we are putting into IVHS, is that a benefit we will get in a relatively short period of time, or is that really long range, and should we be looking at other kinds of technologies or improvements that might give us better return in a shorter period of time?

Mr. FRANCOIS. Well, there are many things in the research program, of course, that we need to look at. IVHS is a set of subjects—some are short-term, some are long-term. In the short-term range, some of the traffic management techniques that come out of there could be deployed in the next year or so, and I think many will. Some of the long-term benefits with respect to vehicle safety control systems may take a little longer. So there is a lot there, and it is a balanced program.

Dr. Larson mentioned briefly the IVHS America conference which is going on right now. I came from there this morning. We have almost 500 people out there, many from industry, 30 States represented, eight nations, and there is a lot of activity in that area, so I have great hopes for that.

But by no means is that all. The SHRP program and the physical side of the highway system is something we still need to spend a lot of time and effort on. The SHRP research program was a 5-year program. It will be completed on time in 1992 with respect to most of the work, but the long-term pavement performance component of that must run for another 15 years. We must have in this highway bill the funding necessary to do that, and a new structure for managing research needs to be authorized.

Now, the provisions in the administration's bill would allow all these things to be done. We are in the process of developing a memorandum of understanding between the National Academy of Sciences and AASHTO and the Federal Highway Administration discussing a management process for research. So I think you will see a revitalized and new research program, but it will need the kind of language that is in the bill to happen.

Mr. MINETA. Mr. Rives, what is your opinion regarding the administration's proposal to eliminate the separate hazard elimination and railway-highway crossings funding categories?

Mr. RIVES. I do not mind that because, as we stated in our testimony, the safety should be an eligible item under either national highway system or the urban-rural system. We can spend money now over and above and beyond what is in the safety programs for hazard elimination and for railroad separations. There is a certain amount of money. We get extra money for it if we do it, but we can spend our normally authorized programs for railway-highway separations, anyway. I believe we would continue to have those safety programs without a specified amount.

Mr. MINETA. Very well. Thank you very much.

Mr. Jones, another fine colleague from Georgia.

Mr. JONES. Thank you, Mr. Chairman, and welcome, Commissioner Rives.

Mr. RIVES. Thank you.

Mr. JONES. I did not know you were coming, either. I would have baked a cake.

Mr. RIVES. I should have called you. I am your constituent.

Mr. JONES of Georgia. That is right. Well, welcome once again, and Frank, it is good to see you.

I wanted to brag a little bit about our highways. You mentioned I-85 through Atlanta. Anybody who has been to Atlanta in the last few years has seen our tremendous highway network there. Transportation is vital to us, and the Georgia Department of Transportation has done a yeoman's job, I think, under difficult circumstances because we have had such tremendous growth.

To adjust to that growth, you know that I am a big advocate of rapid rail and transit and would like to see more done with moving people by rail; also, I think we are going to ultimately have to do that because of our tremendous growth. We are going to have to look more at that.

I wanted to touch on a couple of things. My colleague touched on a provincial matter for us, or it is a provincial matter for folk who are not from Atlanta, but for us it is anything but provincial, and that is the Presidential Parkway.

I wanted to compliment you and the Department of Transportation for becoming involved in that mediation effort. I am very hopeful that there will be some positive results. They always say that a good compromise is one that nobody likes. Well, hopefully, we will come up with a compromise that people can live with; all parties involved can find a positive resolution to this, and I am very hopeful for those mediation sessions and grateful that you are involved in that.

Mr. RIVES. I hope so, too.

Mr. JONES. Yes, sir.

What I wanted to ask about, though—I guess this is still sort of wearing two hats—is the formula system and how Georgia would fare under H.R. 1351.

Mr. RIVES. Very poorly. We are now a minimum allocation State, which means that we get back 85 percent. Under the formula proposed in H.R. 1351, we would be the lowest in the Nation in return at 80.27 percent.

Mr. JONES. So we are going in the wrong direction.

Mr. RIVES. Going in the wrong direction.

Mr. JONES of Georgia. At a time when there is tremendous growth.

Mr. RIVES. Yes, sir.

Mr. JONES. I regret that I missed your testimony. How does AASHTO's proposal differ, and how would it address this?

Mr. RIVES. AASHTO is a collection of 52 States. We cannot develop an allocation formula because if I win with a certain amount of money, someone else loses. We cannot do that. We did propose that an allocation formula be developed that would contain vehicle miles of travel as a factor. And motor fuel usage is a surrogate for that; it would also contain a factor for lane miles—you maintain

under the number of lane miles you have, not total miles—and then we said other appropriate factors.

Since then, we have done an awful lot of work in AASHTO looking at various formulas. We do not think that we can find one, really, that provides equity to all of the donor States. If Georgia gains back to its position, someone else is going to lose.

We therefore recommended very strongly that for the national highway system and its components we go back to a minimum allocation program. But not for the urban-rural. That is set up in both our recommendations and in H.R. 1351 to be 100 percent return.

Mr. JONES. Yes, sir. So there could be a shifting there that could solve some of this shortfall for us?

Mr. RIVES. If we go back to the minimum allocation.

Mr. JONES. Once again, if you would take off the AASHTO hat——

Mr. RIVES. And AASHTO recommends—let me interrupt. It is not just Georgia, but AASHTO recommends a minimum allocation program at 85 percent on the national highway system component.

Mr. JONES. All right.

I had one other question, and it has come up again, and it has to do with the idea of an interstate highway from Memphis to Atlanta. Some of our colleagues from Alabama and Tennessee have mentioned that. Isn't the interstate system complete as you see it?

Mr. RIVES. Yes, sir, as I see it, it is complete. Now, you have to make a distinction between an interstate highway and an interstate type of highway. We think that many of the highways under the national highway system would have traffic on them sufficient to be designed to interstate, full freeway standards. Other segments of the national highway system would not need to be so designed. Whether or not the one between Memphis and Atlanta would need to be an interstate type of highway or of a lesser type, I do not know. I have not examined it. We have not done any planning studies at all on it.

Mr. JONES. All right. So there could be a new road as part of the national highway system identified that would be practically identical to a present interstate serving the same kinds of purposes with limited access. So that is a possibility, as you see it?

Mr. RIVES. It would be a possibility under H.R. 1351, yes, sir, but it would not legislatively be fully limited access. It would depend upon the factors that you use in determining what type of highway should be constructed.

Mr. JONES. Well, thank you. Thank you for your testimony.

Mr. RIVES. Thank you, sir.

Mr. MINETA. Mr. President, thank you very, very much for your presence here, and Mr. Francois.

Let me just point out in the audience someone who—oh, I am sorry. I did indicate that I would get back to you for a second round.

I am sorry. Please.

Mr. LEWIS. Thank you, Mr. Chairman. I will not be long. I know it has been a long morning already.

Mr. Commissioner, has AASHTO kept track of WBE and MBE participation since the two groups were lumped together in the 1987 reauthorization act?

Mr. RIVES. I do not know that AASHTO has, but I have.

Mr. LEWIS. What did you discover?

Mr. RIVES. I can only speak on Georgia data and a little bit of what I have seen, some graphs I have seen on national data. But prior to the 1986 act, we were achieving 11 or 11.5 percent MBE participation on our work, plus an additional percentage point or two for the Women's Business Enterprise. They were separate.

After the 1986 act, where the WBE and and the MBE were merged into the Disadvantaged Business Enterprise Program, the percentage of minority business enterprise had gone sharply down; while the percentage of the women's business enterprise had gone up. In fact, the lines on the graph had crossed, where you have been going down on the minority and are going up on the women's business enterprises.

I personally think, and I have made this public statement, that they ought to be separated again. That is from Georgia, now, not from AASHTO.

Mr. LEWIS. Correct me if I am wrong. By law, Georgia is required to expend no less than 10 percent of Federal funds with small disadvantaged business, SDBS. That is correct, right?

Mr. RIVES. Yes, sir. It is a goal. The law, I believe, calls it a goal. But we do spend no less than 10 percent.

Mr. LEWIS. Could you tell the committee how much you have expended with small disadvantaged businesses?

Mr. RIVES. It is running right around between 11 and 12 percent, generally speaking.

Mr. LEWIS. Could you break down the percentage with women and the percentage with minorities?

Mr. RIVES. No, sir, I cannot break it down. I have not broken it down. I do know that the percentage of minorities has gone sharply down and the percentage for the women has gone sharply up.

Mr. LEWIS. Let me ask you this, Mr. Commissioner. Couldn't the State of Georgia, couldn't you as the Commissioner, Department of Transportation, take the lead, take the initiative? You do not have to wait for the Federal Government. Couldn't you come up with your own plan?

Mr. RIVES. I do not know. We were going to do that at one time, and then two events happened: the Federal decision in Richmond and then the decision by the judges of the Supreme Court in an Atlanta case stating that you could specify goals only where you had documented evidence of actual discrimination.

It stopped the city of Atlanta's program to a great extent, and we simply had to stop ours for the same reason, except for the Federal program. That did not affect the Federal program because it was established by Congress.

The city of Atlanta has been working for a long time— and I understand they are about to complete it—on a way of documenting that evidence of actual discrimination. When they do, I intend to borrow it and see if it can be adapted to my own programs.

Mr. LEWIS. As the president of the Association of State Highway and Transportation Officials, could you play a major role in getting the other States—it is not just a problem for Georgia but it is a problem for the Nation—to move toward a higher percentage of minority, small disadvantaged business, and women getting Feder-

al contracts, Federal dollars? We are talking about spending millions and billions of dollars when we reauthorize this legislation, and it is right that a share, a portion, should be set aside for small disadvantaged business, including minority and women. You would agree, wouldn't you?

Mr. RIVES. I would agree with you, but I think, realistically, Mr. Lewis, that if you are going to achieve what we were achieving with respect to the minority business enterprises, you are going to have to separate the two again.

Mr. LEWIS. So you would support legislation by this committee to separate the two?

Mr. RIVES. I, as Commissioner of the Georgia DOT, would support that. As president of AASHTO, I do not think I can make that statement.

Mr. LEWIS. Thank you, Mr. Commissioner.

Thank you, Mr. Chairman.

Mr. FRANCOIS. Mr. Lewis, I might comment a bit more here, too. There are many States that have very aggressive programs, as I am sure you are aware, in this area. We also have within AASHTO a special committee that is devoted specifically to the topic of MBE/WBE, and it has developed guidelines that are utilized by all States. If you would like, I will be glad to get that for you.

Mr. LEWIS. I will be delighted to receive it, sir. Thank you very much.

Mr. FRANCOIS. I think you will find, nationwide, that there is great attention to this issue by Mr. Rives and all of his counterparts.

Mr. LEWIS. Thank you, sir.

Mr. RIVES. Could I add one other thing? Georgia's experience is not unique to it. I have seen publications on the national level that show the same charts going down and then going back up.

Mr. LEWIS. Thank you very much, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Lewis and Mr. Rives, Mr. Francois. Thank you very, very much.

[Mr. Rives' prepared statement appears on page 387.]

Mr. MINETA. Let me just point out in the audience someone who testified before us in Missouri when we had our recent hearings. Mr. Muri, it is good to see you here; from the Missouri State Department of Transportation, Wayne Muri.

Again, thank you very much, Mr. Francois and Mr. Rives.

Mr. RIVES. Thank you, Mr. Chairman.

Mr. MINETA. There being no further business before the subcommittee, we stand adjourned.

[Whereupon, at 12:34 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.]

PREPARED STATEMENTS OF WITNESSES

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JOINT STATEMENT OF

BRIAN W. CLYMER
ADMINISTRATOR
URBAN MASS
TRANSPORTATION
ADMINISTRATION

JERRY R. CURRY
ADMINISTRATOR
NATIONAL HIGHWAY
TRAFFIC SAFETY
ADMINISTRATION

THOMAS D. LARSON
ADMINISTRATOR
FEDERAL HIGHWAY
ADMINISTRATION

DEPARTMENT OF TRANSPORTATION

BEFORE THE
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
SUBCOMMITTEE ON SURFACE TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES

ON
THE FISCAL YEAR 1992 BUDGET
AND
THE SURFACE TRANSPORTATION ASSISTANCE ACT OF 1991 (H.R. 1351)
MARCH 19, 1991

Mr. Chairman, Members of the Committee. Thank you for providing us the opportunity to submit testimony on the Department of Transportation's (DOT) Fiscal Year (FY) 1992 budget proposals and our proposal for reauthorization of the surface transportation programs, H.R. 1351. We are pleased that your committee scheduled this hearing so soon after President Bush called on the Congress on March 6 to enact surface transportation legislation within 100 days. That is quite a challenge to the Department as well as the Congress and we will provide whatever assistance or information this Committee needs to help meet that challenge.

When Secretary Skinner appeared before this Committee on February 20, he called H.R. 1351 a "breakthrough bill both in its increased funding levels and in its intermodal design." We appear

here together today in that spirit of intermodalism and pledge to work together with your Committee in the bipartisan spirit which the Secretary described as characterizing this Committee.

The Administration bill, H.R. 1351, represents a significant new direction in transportation, driven by the principles of the President's National Transportation Policy. In today's fiscal climate we must focus our resources on programs and projects that will provide desired national benefits and will advance national goals for sustained economic growth and enhanced international competitiveness.

First, let us briefly summarize the DOT Budget for FY 1992 as it relates to surface transportation. The budget reflects the principles of the National Transportation Policy by endorsing capital investment in surface infrastructure, sound and viable financing in the interest of deficit reduction goals, measures to insure safe transportation systems and national security, the protection of the environment and the quality of life, and research and development efforts to advance U.S. transportation technology and expertise.

For the Federal Highway Administration (FHWA), we are requesting $15.979 billion of budget authority in FY 1992, which is $1.374 billion over the $14.605 billion level available in FY 1991. The $16.456 billion obligation level is about $100 million more than the $16.356 billion estimated for FY 1991.

Outlays for FY 1992 are estimated at $15.248 billion compared to an estimated level of $14.436 billion in FY 1991. The obligation limitation for Federal-aid highways is proposed at $15.722 billion for FY 1992, $1.22 billion higher than in 1991. Over the proposed 5-year reauthorization period, the Federal-aid program level would rise to $20.3 billion.

The budget does not propose any change in the Highway Trust Fund tax rates or structure except to let rates in fiscal year 1996 and beyond return to those in effect prior to December 1, 1990. Fuel taxes added by the Budget Deficit Reduction Act on December 1, 1990, would lapse effective October 1, 1995. The budget would continue a State-Federal pilot project to reduce fuel tax evasion.

For the National Highway Traffic Safety Administration (NHTSA), the FY 1992 budget requests a funding level of $292.2 million in appropriations and obligation limitations, a $43.8 million (17.7 percent) increase over the FY 1991 level. These funds will support efforts to continue the decline in the traffic death rate and meet the President's goals for improved traffic safety. The budget proposes to fund all of NHTSA's programs from the Highway Account of the Highway Trust Fund. Currently, 69 percent of the NHTSA budget is funded from the Trust Fund and 31 percent from general revenues.

For the Urban Mass Transportation Administration (UMTA) $3.329 billion is requested for FY 1992. This is a $71 million increase over the enacted level for FY 1991.

The UMTA budget and legislative proposals reflect significant changes and certain key principles. The first is to provide reliable and stable funding for mass transit needs, through greater dependence on trust fund financing and formula allocations. In FY 1992, the entire UMTA program except $80 million for Washington Metro would be funded from the Mass Transit Account of the Highway Trust Fund, compared to 43 percent in FY 1991. In addition, 82 percent of the FY 1992 funding would be allocated using existing statutory formulas compared to 52 percent in FY 1991. State and local decisionmakers would therefore have a more predictable and stable Federal funding stream upon which to base investment decisions. Grantees would have enhanced flexibility with which to develop the most cost effective local transportation systems.

Specific details on the FY 1992 budget proposals of each of the three agencies are set forth in the Department's Budget in Brief, which we supplied with our testimony.

**THE SURFACE TRANSPORTATION ASSISTANCE ACT OF 1991 (H.R. 1351)**

Secretary Skinner highlighted for the Committee on February 20 the provisions of the Surface Transportation Assistance Act (STAA) of 1991 (H.R. 1351) and I'm sure by now

each of you have received considerable input on our proposal. For your reference a summary of the bill has been supplied to you today. Accordingly, we will not again review all its areas but will discuss a few items we wish to highlight, the first area being intermodalism.

**MULTIMODAL FLEXIBILITY**

The bill, we, are proud to say, contains a number of multimodal provisions that allow us to embark on a new era of flexibility in use of highway and transit funds and one hopes will help deter constraints on intermodal thinking.

In preparing the National Transportation Policy, the Department held a series of public hearings around the country, and one issue we heard about often was the fact that Federal transportation funds come from discrete program sources, highway or transit, and may only be used for the purposes of those different programs. This, we heard, failed to reflect the realities facing decisionmakers at the State or local level who deal with transportation issues, not just highway or transit issues.

Our bill would respond directly to those concerns by opening up portions of both the highway and transit programs to permit the funding of either highway or transit projects based upon decisions made at the local level. Specifically, about $2.6 billion of the funds available under the transit

title of the bill and $4 to 5 billion of the funds available under the highway title - essentially the proposed Urban and Rural Program - would be available for highway and transit projects at the discretion of State or local officials. Whether or not a particular transportation need should be met by means of a highway or transit project is a matter that best can be addressed at the local level. Our bill, for the first time, would let localities make that decision. And we believe that expanding rail transit lines or improving bus service could be as important for some urban areas as building more roads.

We recognize, of course, that given the high level of dedicated or tax funding at the State and local level for highway projects, this provision may inadvertently facilitate the funding of a greater proportion of highway projects than of transit projects. To keep the playing field level, this provision could only be used so long as the State or local share source of a highway project to be funded with UMTA funds is available to fund either highway or transit projects; or when the Secretary determines there is a sufficient amount of dedicated funding available for transit projects. We believe such a "balanced" local approach will assure an equitable distribution of funds.

**HIGHWAY/TRANSIT LOCAL SHARE**

Along with increased Federal and local funding flexibility, we also need to increase the level of funding and commitment

at the local level for mass transit and highway projects. To accomplish this, we are proposing to modify the Federal share to 60 percent under most of the transit programs, generally paralleling the matching shares in the highway Urban and Rural Program. The Federal share for new transit starts would be modified from 75 percent to 50 percent.

As Secretary Skinner often has said, we believe we get the best decisions at the local level when State and local governments have a significant financial commitment to projects. We believe that projects that are of better quality, get built on time and within budget where there is greater local financial participation.

MULTIMODAL PLANNING

Another multimodal provision in this bill provides authority for multimodal intercity corridor studies out of highway planning funds. Moreover, highway rights-of-way could be used without charge by public or private high speed ground transportation facilities with State approval; and highway adjustments to accommodate high speed rail and maglev would be eligible for National Highway Program funds.

Pursuing further intermodal conformity, the same changes in the planning program are included in both the highway and transit titles. Because transportation planning must include air quality considerations, metropolitan areas

would be required to develop congestion management systems that provide for effective management of new and existing transportation facilities. These plans would include travel demand reductions and operational management strategies. In urbanized area planning, the bill would require consideration of long-range land use plans, development objectives, and costs and impacts of the projects on both mobility and air quality.

Specifically, urbanized areas of over 200,000 population will be required to provide more emphasis on multimodal considerations including intermodal connectivity and cost effectiveness, and on coordination with land use planning, including impacts of land use decisions on transportation needs and opportunities for transportation corridor preservation and innovative financing mechanisms, such as value capture.

More emphasis on consideration of transportation related air quality problems will be required. A higher priority is to be given to congestion management before major capital investment. The development of an areawide multimodal congestion management system in coordination with the process for the development of any required transportation elements of the State Implementation Planning is required. Urbanized area cooperation with the State in the development of pavement, bridge, and safety management systems is also required.

In urbanized areas of less than 200,000 the State and Metropolitan Planning Organization will decide on the extent of the process. As a minimum, they must develop a Transportation Improvement Program, assure that air quality problems in non-attainment areas are addressed and assure that the Transportation Improvement Program conforms to the State Implementation Plan.

Planning funds will be distributed to the States on the basis of urbanized area population. States will distribute them to the Metropolitan Planning Organizations by a formula that considers population and provides an appropriate distribution of funds to all urbanized areas. The Federal share for urban planning is 75 percent.

**RESEARCH AND DEVELOPMENT (R&D)**

The FHWA, UMTA and NHTSA titles of the bill include an increased emphasis on research and development with the purpose of expanding activities in cooperation with the private sector to advance U.S. technology leadership, and to support a productive, safe, 21st surface transportation system.

The highway research program will continue to be funded through general operating expenses and will focus on Intelligent Vehicle-Highway Systems, long-term pavement performance, and technology assessment and deployment activities.

Local training and technical assistance will continue to be provided to rural areas (currently provided through the Rural Transportation Assistance Program) and will be expanded to provide

improved access to highway technology for urban transportation agencies.

FHWA and UMTA will also continue the Centers for Excellence as established under the University Transportation Centers, with the addition of three centers beginning in 1992, and the National Highway Institute would be continued.

**HIGHWAY SAFETY RESEARCH AND DEMONSTRATION PROGRAMS**

NHTSA's FY 1992 budget request seeks $45,869,000 for the section 403 research and demonstration program. This represents an increase over the FY 1991 level and reflects the contribution that we believe the research and demonstration program will make to future improvements in highway safety. The STAA proposal retains the basic components of the section 403 program, which stress research on such topics as the effects of alcohol and drugs on driver behavior, and adds research activities on Intelligent Vehicle-Highway Systems and other aspects of the driver/vehicle interface.

**TRANSIT PLANNING AND RESEARCH**

We believe the transit research program needs to be strengthened. We are proposing an expanded and coordinated Transit Planning and Research Program. This new structure provides for an increase in emphasis and funding for research and development. An amount equal to 2.8 percent of the total UMTA appropriation would be set aside within the Mass Transit Account to support this program. In FY 1992, for example, this would represent $93.2 million.

In our view, the Federal Government must invest in research and planning to provide a more stable, cost-effective environment that will stimulate increased private sector investments and economic growth. To yield maximum benefits from our transit investment dollars, planning and research must be a more prominent element of the UMTA Program with a consistent source of funding, in scale with the total size of the mass transit program.

The Transit Planning and Research Program has two major elements: A national component and a State and local component. The national Transit Planning and Research program is proposed to advance Federal objectives, to help resolve problems of national concern and to initiate a new emphasis on technology development. One-third of the total resource will support this component. The State and local programs will support existing planning activities as well as implement a new Transit Cooperative Research Program designed to address the transit industry's short-term problems. Two-thirds of the total resource will support this component. The emphasis in both components is research, planning, demonstration, and training.

We will now briefly highlight some of the other significant provisions in the different titles of the bill.

**THE HIGHWAY - RELATED PROVISIONS OF H.R. 1351**

Briefly, the highway provisions of the STAA provide a 5-year, $89.1 billion highway and highway safety program,

restructure the Federal-aid highway program, and give form to the major principles of the National Transportation Policy. Assistance will be provided to the States through three major categories - a National Highway Program, an Urban and Rural Program, and an apportioned and discretionary Bridge Program. The highway - related provisions provide strong Federal support for highway and motor carrier safety, Federal Lands Highways, and research and technology.

**NATIONAL HIGHWAY PROGRAM (NHP)**

The National Highway Program will identify a National Highway System serving interstate and interregional commerce and personal transportation.

**NATIONAL HIGHWAY SYSTEM (NHS)**

The National Highway System would consist of the current Interstate System and, based on criteria set by the Secretary, other rural principal arterials, urban freeways and other principal arterials, and the Strategic Highway Network (STRAHNET). There would be a designated system of about 150,000 miles with a possible adjustment of up to 10 percent of the designated mileage by the Secretary. Designation would be made by the States in FYs 1992 and 1993 in consultation with local officials with approval by the Secretary. A new functional classification for all public roads would be part of the process.

There would be a single National Highway System and we have provided the Committee with a map indicating our initial assessment of such a system. The Interstate System would carry its own identity as it does today. There would be provisions to add mileage to this Interstate subsystem if the mileage meets current Interstate design standards and is connected to the Interstate subsystem. Interstate facilities will be eligible to display the Interstate shield. The National Highway Program would replace the current Interstate 4R, and primary programs. Although the mileage of the Interstate System will be included in the National Highway System and will be eligible for National Highway System funding, the current Interstate construction program will continue to its completion as a separate category, with authorizations through FY 1995.

**STRATEGIC HIGHWAY NETWORK (STRAHNET)**

The STRAHNET will consist of roads in rural and urban areas that are critical to U.S. strategic defense policy. The network will provide defense access, continuity, and emergency capabilities for the movement of personnel and equipment in both peacetime and wartime. It will include the Interstate System and approximately 16,500 miles of non-Interstate highways. The non-Interstate network will be designated by the Secretary of Defense jointly with the Secretary of Transportation and the States. STRAHNET connectors may also be included as determined by the Secretary of Defense and the Secretary of Transportation.

**TOLLS**

The toll provisions of our proposal have generated a lot of public interest and comment. Under H.R. 1351 the States may use their apportioned National Highway Program funds for improvements on any facility that is part of the designated system, including existing toll roads and for construction of new non-Interstate toll roads. In addition, States may combine Federal-aid with toll and other financing to reconstruct and replace existing free bridges or tunnels and to reconstruct free non-Interstate highways to add lanes and to change the character of the highways to fully controlled access highways. Facilities may be publicly owned or, if the States contract with private firms to design, finance, construct and operate the toll facility, privately owned. Further, there may be private participation in the State matching share which will be at least 65 percent for toll roads. States will have the option of continuing tolls after construction costs are recovered if in excess of operation and maintenance revenues are used for title 23 purposes.

**HIGHWAY MANAGEMENT SYSTEMS**

H.R. 1351 provides for a unique new concept to address problem areas in the highway program. States would be required to have in place a bridge management system, a pavement management system, a safety management system, and a congestion management system. Details of management system requirements, including

a phase-in schedule, will be developed through the regulatory process.

**SCENIC, ENVIRONMENTAL AND ENERGY CONSIDERATIONS**

In addition to being an intermodal bill, H.R. 1351 is an environmental bill. The STAA has been developed with strong environmental protection and mitigation measures that will be on-going activities in the planning and project development process. Several sections contain provisions for scenic enhancement through the purchase of easements, landscaping programs and scenic highway programs. Highway planning will be made an eligible activity under the National Highway System and the Urban and Rural Program for use early in the system planning process. This approach will encourage better integration of land use, environmental, and transportation planning and air quality in State Implementation Plan development. Provisions for early acquisition of rights-of-way will make Federal funds available to acquire rights-of-way necessary to preserve environmental resources (e.g., recreational, parklands, historic) sites and scenic views early in the planning process and in advance of Federal project approvals.

Scenic byways will be eligible for development and improvement with National Highway and Urban and Rural Program funds, if otherwise eligible under those programs. Also, a special set-aside from the urban and rural program will be earmarked for scenic byway development in FYs 1992-1994.

The proposal also makes number of changes to current provisions affecting outdoor advertising by focusing on controlling billboards in rural areas where aesthetic protection is most important. It would prohibit new off-premise signs in areas of control except for most of the currently excepted sign categories such as directional signs. Payment of compensation for removal of nonconforming billboards would be a State matter under State law; and Federal funds could be used to a limited extent to pay for sign removal.

Provision will be made to use Federal funds under the National Highway Program and Urban and Rural Program either as part of a highway construction project or as a separate project to create wetland banks or contribute to Statewide programs which are compatible with the requirements of the Secretary of the Army and the Administrator of the Environmental Protection Agency (EPA) that create, conserve, or enhance wetland habitat. The programs may include the development of Statewide wetland mitigation plans, State or Regional wetland conservation and enhancement banks, and other projects. Contributions toward these efforts may occur in advance of specific project activity to build up credit for future projects that impact wetlands.

The highway reauthorization proposal also contains a number of features that are supportive of the Clean Air Act. The STAA would assure that transportation activities are fully integrated with the air quality requirements and commitments.

The urban transportation planning process is being strengthened to specifically increase emphasis on multimodal considerations, land use and development decisions, and transportation-related air quality problems. The congestion management system in areas over 200,000 population must be coordinated with requirements of the Clean Air Act, and transportation improvement plans must conform to State Implementation Plans.

Under the Urban and Rural Program, metropolitan and rural projects that provide innovative approaches to air quality, congestion or rural access problems that the States want to advance may be treated in a special way. If the project meets selection criteria, the State may ask for additional obligation ceiling for that project. A set-aside of any enacted obligation ceiling will be requested in the annual appropriation process for this purpose. These projects will be approved according to criteria reflecting innovation, immediate action, non-capital intensiveness and local commitment up to the amount of the obligation ceiling set-aside.

Operational tests on the use of congestion pricing measures may be approved in the Standard Metropolitan Statistical areas of 1,000,000 population or more that are experiencing significant air quality nonattainment problems. Guidelines will be issued by the Secretary.

Transportation Air Quality Planning Guidelines developed in cooperation with the Administrator of EPA are required to assure that Federal-aid highway projects conform to the Clean Air Act.

The transportation planning process as a minimum will cover the existing urbanized area and the area expected to become urbanized within the forecast period, and may encompass the entire Metropolitan Statistical Area/Consolidated Metropolitan Statistical Area at the discretion of the Governor and the affected units of local government.

Several provisions of the STAA reflect considerations for both environmental issues and energy conservation. On the Interstate system, a higher Federal matching ratio is proposed for operational improvements which are usually less energy intensive than initial construction projects. A congestion management system will be required for the National Highway System and for areas over 200,000 population to monitor and address congestion by development of short- and long-term relief strategies. Finally the enhanced level of funding for research and development will allow expansion of environmental and energy research leveraged with research conducted by other Federal agencies.

**THE TRANSIT TITLE OF H.R. 1351**

We believe that our transit reauthorization proposal sets the stage for transit in the 1990s. It would provide some $3.3 billion annually from the Mass Transit Account of the

Highway Trust Fund over the 5-year life of the bill. It is important to emphasize that this amount is 45 percent above the Administration's budget request for FY 1991, 2 percent above the current fiscal year appropriation level, and a 23 percent increase over this year's capital funding levels.

**SOURCE AND DELIVERY OF UMTA FUNDING**

The transit bill would make two key changes regarding the program's source of funding and how those funds would be delivered.

First, we propose to fund the UMTA program entirely from the Mass Transit Account of the Highway Trust Fund. The Mass Transit Account currently has a genuine surplus and is under-committed. The transit component of the Trust Fund thus can support the proposed program level, some $3.3 billion annually or $16 billion over the 5-year life of the bill. This funding level will substantially reduce the present uncommitted cash balance in the Mass Transit Account by FY 1996. We think this is a fiscally prudent way to maximize use of the Trust Fund resources. Moreover, this financing from the Trust Fund would benefit all of our grantees, unlike the current program which primarily finances, from the Trust Fund, the discretionary program. The discretionary program currently benefits relatively few grantees.

Second, we propose to deliver much more of the overall transit program's funding by formula than is done under the existing program. Currently, some 52 percent of the program is delivered by formula. In contrast, our bill would distribute some 82 percent of the program under the existing statutory formulas. This is done by transferring the discretionary rail modernization and bus system activities to the formula program.

We believe it is in the best interest of transit recipients to provide them with a stable and assured source of formula funding from the Trust Fund so that they may develop long-range plans to address their transportation needs with some assurance that the Federal funds will be there.

**FORMULA PROGRAM, OPERATING ASSISTANCE**

As noted earlier, the transit bill would distribute 82 percent of its funding under our current formula program. In fiscal year 1992, we would fund the section 9 formula program at a level of $2.6 billion. We think the existing statutory formula for the most part does an excellent job in delivering transit funds.

We would make one key new funding allocation under the formula program, however. We would deliver rail modernization funds under the rail tier of the formula, some $600 million a year, as well as additional amounts to the rail cities through the allocation of the remaining formula funds. We would deliver

this resource to all rail cities, not just to the older rail cities as is done under the current discretionary program. Because the funds would be distributed on a formula basis, each area would better be able to plan for the use of this resource.

Our bill no longer would permit areas over 1 million in population to use Federal funds for operating assistance. Let us make two points about this. First, this does not represent a funding reduction for these areas because we have significantly increased the capital funding for all areas under the formula program, including areas over 1 million in population. Second, these areas typically do not rely substantially on Federal operating assistance for their programs. For cities of this size, Federal operating assistance collectively represents only 4 percent of their total operating budget. We believe the appropriate Federal role is in the area of capital funding of projects, to provide for the replacement and enhancement of fleets and facilities, and that the costs arising from labor and other operating expenses can and should be addressed at the local level.

At the same time, however, we do recognize that other areas rely on Federal operating assistance and our bill would essentially "hold harmless" all areas below one million in population to their 1991 operating assistance levels.

**NEW STARTS, SECTION 3 FUNDING**

Let us now turn to another significant element of our bill, the fact that we would provide some $300 million in fiscal year 1992 to fund new start projects under our discretionary section 3 program, and that figure would increase to $400 million in fiscal year 1996. Reflecting experience under the current program, where cities are overmatching Federal funds, we propose a Federal share of 50 percent for new starts projects.

The key point about our proposal is that we would fund only those new start projects that truly are cost-effective and supported by an acceptable degree of local financial commitment. Our bill includes language that would strengthen the new starts criteria under current law to emphasize and underline how critical we believe the cost-effectiveness issue is.

In addition, $50 million would be made available for a range of discretionary projects under section 3, including the metropolitan and rural bonus projects program, which is under both the highway and transit titles. This program would fund non-capital intensive designed to address congestion and air quality problems or innovative and "fast start" projects designed to ease congestion or address special rural needs.

**RURAL FUNDING, STATE FLEXIBILITY**

Our section 18 rural program has played an important role in providing assistance for meeting the mobility needs of those

outside of our urban areas. We recognize the great significance of this program and propose to increase the level of Federal funding for this important mobility need. Under current law, the program is funded at the $65 million dollar level. Our proposal would provide Federal assistance at the $89 million level each year over the life of the bill.

As with our other programs, we would raise the local share for capital projects under the program to 40 percent. We would permit operating assistance under the section 18 program at the same level that is available in FY 1991 with the same Federal share as under current law, 50 percent.

The States play an integral role in administering this vital program, and our bill would further expand and clarify the State's role in the section 18 program, the section 16 elderly and handicapped program, and the section 9 formula program for small urbanized areas - those below 200,000 in population.

Specifically, to provide needed flexibility in the allocation of funds among these programs, the States would decide how much of the Federal funding available - some $310 million a year - would be allocated under each of the programs.

SAFETY PROGRAMS

We want to begin our discussion of the safety programs with the good news about the Nation's continuing progress on highway safety. In 1990, the national highway fatality rate fell below

2.1 deaths per 100 million miles traveled -- 40 percent lower than the rate in 1980. If the 1980 fatality rate of 3.3 deaths per 100 million miles traveled had remained constant, 151,000 more people would have died in traffic crashes from 1981 through the end of 1990.

Several factors contributed to this success -- safer roads, safer vehicles, higher levels of safety belt and child restraint use, and the growth of public sentiment against drunk driving -- and many of these factors are directly influenced by the highway safety programs under title 23.

**STATE AND COMMUNITY HIGHWAY SAFETY PROGRAMS**

The section 402 State and community grant program is the core element of the Federal highway safety effort. This program, through its focus on essential State and local highway safety needs, such as drunk driving countermeasures and safety belt use programs, has been instrumental in improving public safety. For FY 1992, NHTSA is proposing to fund the State and community highway safety program under section 402 at the level of $115 million. This is slightly above the obligation level for FY 1991.

The highway safety title of the H.R. 1351 proposes to maintain this funding level for the State and community highway safety program throughout the life of the reauthorization. The STAA would fund growth in highway safety through a new

bonus program, which would give States bonus funds for meeting specific objectives. For FY 1992, $25 million in bonus funds under the new subsection 402(h) program would be available for general highway safety purposes. An additional $25 million in bonus funds would be made available in FY 1992 for alcohol safety programs. NHTSA is seeking full funding for each of these bonus funds in its FY 1992 budget request. When added to the $25 million provided as FHWA safety bonus funds from FHWA's Section 402 program, these provisions will contribute an annual total of $75 million in new highway safety funding, beginning in FY 1992 and lasting for the life of the reauthorization. In addition, funds will be set aside from FHWA's Urban and Rural Program, starting at $5 million in FY 1992, $55 million in FY 1993, then rising to $25 million per year until the set-aside reaches $130 million in FY 1996. We believe that these funds will increase the involvement of the highway and transit industries and significantly enhance highway safety efforts at the State and community level.

The bonus set-aside under the Section 402 program (title 23) is to be managed jointly by NHTSA and FHWA. It will include the present NHTSA alcohol safety grant programs. The bonus grant criteria will include nine safety performance criteria from which States can choose: 1) alcohol/drunk driving, 2) safety belt use, 3) fatality rate reduction, 4) pedestrian/bicycle safety, 5) heavy

truck safety, 6) motorcycle safety, 7) emergency medical services, 8) public information and education, and 9) crash data collection and analysis. The alcohol criterion will result in more bonus funds than the others.

**OTHER SAFETY PROGRAMS**

The bill requires that not less than 10 percent of the total of apportioned National Highway Program, Urban and Rural Program, and Bridge Funds must be used for projects that have safety benefits. These projects or portions of projects would include safety enhancements designed to eliminate or reduce highway hazards or crash severity.

The highway safety management system requirement referred to earlier will be a major effort to encourage States to take steps toward safety enhancements in many new areas; these requirements will be developed through the rulemaking process.

A provision on new construction or major reconstruction of beltways and bypasses will require, in areas over 200,000, a highway design to provide for ultimate development as multilane, divided highways with separate roadways for through traffic. A new Interstate system maintenance requirement will ensure safer, better maintained routes. In the proposed urban/rural program States will be able to use up to 5 percent of those funds for hazard elimination or rail-highway crossing projects on rural minor collector roads or local roads.

The bridge program would be expanded to include certain safety related deficiencies (e.g. seismic retrofit) when identified by the Secretary of Transportation as high priority, and the bridge inspection and inventory systems required will greatly enhance bridge safety nationwide.

In the motor carrier program, drug awareness or enforcement activities are newly eligible under the Motor Carrier Safety Assistance Program as well as vehicle size and maximum weight enforcement.

Under the transit title UMTA would be authorized to issue a regulation requiring sensitive safety transit workers to be subject to drug and alcohol testing, including random drug testing. UMTA is the only agency within the Department that does not have a drug testing program in place, and this bill would provide the authority necessary to implement such a program. We no longer can ignore this critical safety issue.

**VEHICLE SAFETY AND CONSUMER PROGRAMS**

In the FY 1992 Budget Request, NHTSA is for the first time seeking to fund its activities under the National Traffic and Motor Vehicle Safety Act and the Motor Vehicle Information and Cost Savings Act from the Highway Trust Fund. It is the Department's view that the fuel taxes paid by motorists can appropriately be used for programs that directly benefit motorists. Accordingly, the STAA of 1991 proposes to authorize

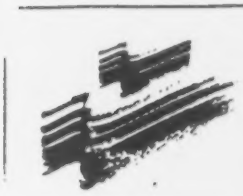
funds from the Highway Trust Fund for these programs. The budget request seeks $75,207,000 for NHTSA's vehicle safety and consumer programs for FY 1992, all of which would be derived from the Highway Trust Fund.

**NATIONAL DRIVER REGISTER**

The budget request for FY 1992 also proposes a funding level of $6,131,000 from the Highway Trust Fund for the ongoing operations of the National Driver Register and for its transition into the fully interactive system envisioned by the National Driver Register Amendments of 1982. The National Driver Register has a vital role in the States' operation of their commercial drivers licensing systems as well in their day-to-day driver licensing activities. With the implementing regulation for the interactive National Driver Register nearing final completion, NHTSA expects that the States will quickly become participants in the new system.

**CONCLUSION**

As you can see the Administration bill provides for a great diversity of changes to deal with completion of the Interstate System and to enhance transportation safety, intermodal efforts, planning, research and development, and environmental protection. We are looking forward to working with this Committee on what we believe will be a landmark surface transportation reauthorization bill.



# *Moving America*
## *Into the 21st Century*

**SUMMARY OF HIGHWAY PROVISIONS OF**
**1991 SURFACE TRANSPORTATION ASSISTANCE ACT**

- A five-year, $89.1 billion highway and highway safety bill, which restructures the Federal-aid highway program, gives form to major principles of the National Transportation Policy. Assistance is provided through three major categories - the National Highway Program (NHP), the Urban/Rural Program, and an apportioned and discretionary Bridge Program. Also, the proposal continues strong Federal support for highway and motor carrier safety, Federal Lands Highways, and research and technology.

**NATIONAL HIGHWAY PROGRAM**

- Purpose - To foster national productivity and mobility by focusing investment on maintaining and improving an identified National Highway System (NHS) serving interstate and interregional commerce and personal transportation.

System

- The designated system will consist of the current Interstate, and, based on criteria set by the Secretary, such mileage as other rural principal arterials, urban freeways/urban other principal arterials, and Strategic Highway Network (STRAHNET) mileage. This should result in a designated system of up to 150,000 miles with possible adjustment upward by the Secretary, not to exceed an amount equal to 10 percent of the mileage designated. Designation will be made by the State in Fiscal Years (FY) 1992 and 1993 in consultation with local officials with approval by the Secretary. A new functional classification will be part of the process.

- Interstate System - There will be a single NHS; however, the Interstate System will carry its own identity as it does today. There will be provisions to add mileage to this Interstate subsystem if the mileage meets current Interstate design standards and is connected to the Interstate subsystem. Such facilities will be eligible to display the Interstate shield. (See Interstate Construction and Substitution also.)

U.S. Department of
Transportation

- Strategic Highway Network - Roads in rural and urban areas that are critical to U.S. strategic defense policy. The network provides defense access, continuity, and emergency capabilities for the movement of personnel and equipment in both peacetime and wartime. It includes the Interstate subsystem and approximately 16,500 miles of non-Interstate highway. The non-Interstate network will be designated by the Secretary of Defense jointly with the Secretary of Transportation and the States. STRAHNET connectors may also be included as determined by the Secretary of Defense and the Secretary of Transportation.

Program Features

- Replaces the current Interstate construction, Interstate 4R, and primary programs. Although the mileage of the Interstate System will be included in the NHS and will be eligible for NHS funding, the current Interstate construction program will continue to its completion as a separate category, with authorizations through FY 1995.

- Toll roads - The States may use their apportioned funds for improvements on any facility that is part of the designated system, including existing toll roads and for construction of new non-Interstate toll roads. In addition, States may combine Federal-aid with toll and other financing to reconstruct and replace existing free bridges or tunnels and also reconstruct free non-Interstate highways that do not have fully controlled access to add lanes and to change the character of the highways to fully controlled access highways. Facilities must be publicly owned, but States may contract with private firms to design, finance, construct and operate a toll facility. Limited indemnification of feasibility studies by private firms will also be eligible. Further, there may be private participation in the State matching share. States will have the option of continuing tolls after the construction costs are recovered; however, any excess revenues must be used for Title 23 purposes.

- States will be required to have in place a bridge management system, a pavement management system, a safety management system, and a congestion management system. Details of management system requirements, including a phase-in schedule, will be developed through the regulatory process. (See Planning also.)

- Operational Improvements - States will be permitted to use funds for operational improvements such as surveillance, motorist information, incident management, HOV preferential treatments, demand management, and spot geometric/traffic control modifications to alleviate specific bottlenecks and hazards. Operational improvement projects on other public roads (except those functionally classified rural minor collector or as local) that are adjacent to a fully access controlled National Highway route are eligible, if the

project improves the level of service and enhances operations of the NHS facility and is more cost effective than an improvement on the NHS facility. (See Urban/Rural Program also.)

- Start-Up Costs of Traffic Management and Control - States will be permitted to use funds for start-up and administrative costs of integrated traffic control systems, incident management programs and traffic control centers. Eligibility is restricted to a time period not to exceed two years, funds shall not be used in lieu of existing funds operating a facility, and the public agency using the funds must agree to continue operating, or be responsible for operating, the improvement at the end of the eligibility period. (See Urban/Rural Program also.)

- Commercialization of Rest Areas - States will be permitted to enter into lease agreements with private concerns to allow such concerns to provide services on fully access controlled National Highway facilities.

- Beltways and Bypasses - New construction or major reconstruction, serving areas over 200,000, shall be designed to provide for ultimate development as multilane, divided highways with separate roadways for through traffic. Access to the through traffic lanes is limited to interchanges with other National Highway routes only.

- Federal Share

  - The basic Federal share for the NHP is 75 percent. Operational improvements and 3R activities on Interstate routes will have a Federal share of 90 percent. The maximum Federal share will be 35 percent for projects to convert existing free facilities to toll facilities or to construct new toll facilities.

  - Sliding scale provisions, permitting an increase in the Federal share for States with large areas of Federal lands, will apply except for toll projects.

- Transfers - A State may transfer up to 15 percent of its apportionment to the Urban/Rural program, if it can demonstrate that adequate conditions exist on the Interstate System mileage and that it will meet criteria, such as proper implementation of the required management systems, to be determined by the Secretary.

- Interstate System maintenance - If a State is not adequately maintaining its Interstate System highways, the Secretary will require the State to program amounts needed from its NHP funds to bring the Interstate System up to adequate condition and keep it in that condition.

- Right of Way Acquisition

  - Preservation of potential future NHP transportation corridors will be continued through the right-of-way revolving fund. Such sums as necessary are authorized for the Right of Way revolving fund but must be sought in future years' appropriations. The fund will provide loans to States at two points below the current Value of Funds Rates as published by the U.S Treasury.

  - Retroactive reimbursement will be possible to States for land acquired prior to Federal Highway Administration (FHWA) approval. Any acquisitions made prior to Federal approvals must be accomplished in compliance with the requirements of the Uniform Act, Title VI, Section 4(f) and other Federal laws and shall not influence the need to construct a project or the selection of a specific location alternative.

- Control of Outdoor Advertising - States will be required to maintain effective control on those parts of the NHS and rural arterials that are outside urbanized areas; allows State law to determine method of compensation; establishes eligibility to use Federal funds to pay for sign removal; allows States discretion on whether to remove nonconforming signs; and prohibits new off-premise signs in area of control except for most of the currently exempted categories.

- Takedowns

  - Administrative takedown of up to 3 3/4 percent of authorization to fund the operation of FHWA including research and development.

  - Takedown of one-half percent of remaining amount for Metropolitan Planning (distribution to States; see Planning also.)

  - High Cost Projects fund - Takedown from the NHP funds for Fiscal Years 1992-1995 for a special fund for discretionary large-scale, access controlled projects, which increase capacity on either the Interstate or routes which directly connect to the Interstate and which provide transportation or other public benefits in excess of cost. Allocations are to be paid back to the fund by reduction of the State's subsequent 3 years of NHP apportionments or by direct repayment.

- Availability - Through FY 1994, apportionments under this program will be available for 4 years. After FY 1994 the period of availability will be 2 years. Any funds not obligated by the State within the availability period will be released and be reapportioned to other States not releasing funds.

- Distribution of Funds - Apportionments will be based 70 percent on each State's share of total highway use of motor fuel, 15 percent on each State's share of total public road mileage and 15 percent on land area. An apportionment factor will apply in States with low population densities (persons per square mile), based on a graduated scale. Each State will receive at least one-half percent of the total NHP funds.

- Interstate Construction and Substitution

  - Final authorizations for Interstate construction and Interstate substitute projects will be authorized for FYs 1992-1995.

  - All States, except Massachusetts, will receive yearly Interstate construction apportionments based on each State's proportionate share of the remaining needs in the 1991 Interstate Cost Estimate (ICE), excluding Massachusetts' cost to complete. Massachusetts will receive a specified yearly allocation of Interstate construction funds also based on the 1991 Interstate Cost Estimate that approximates its projected construction schedule.

  - Takedowns from Interstate construction funds for administration and metropolitan planning will be continued. Also, the Federal share will be continued at 90 percent with application of the sliding scale in States with large areas of Federal lands.

  - Availability - Apportionments for FYs 1992-1994 will be available for one year. The FY 1995 funds will be available until expended.

  - States may transfer to their NHP apportionment from their Interstate construction apportionment the value of the costs for additional work on sections of the Interstate System that are open to traffic and have been built with Interstate construction funds as shown in the 1991 ICE.

  - The Interstate Substitute funds will continue to be available for highway substitute projects (transit projects will be eligible from the Mass Transit account) and the Federal share will be continued at 85 percent. A takedown for administration will be continued. The funds will be available until expended.

**URBAN/RURAL PROGRAM**

- Purpose - Provide assistance via a program with increased flexibility and minimal Federal requirements, allowing State and local governments to target funds to address metropolitan and rural transportation issues more effectively.

- Replaces part of the current primary for routes that are not designated as NHS routes, the urban and secondary, and several other categorical programs.

- Eligible Facilities

  - Any public road except a road on the NHS or a road functionally classified as rural minor collector or as a local road. This will include roads and bridges on the current secondary and urban systems, and portion of the other principal arterials and minor arterials on the primary system.

  - Toll roads will also be eligible to the same extent as in the NHP. (See National Highway Program.)

- Eligible Activities

  - Construction; transit capital costs in urban and rural areas; capital projects to improve access and coordination between intercity and rural bus service; highway operational improvements and start-up costs (see NHP for definition); hazard elimination and rail-highway crossings; and others.

  - Also, up to 5 percent of the funds may be used for hazard elimination or rail-highway crossing projects on roads functionally classified as rural minor collector or as local.

  - The Federal Mass Transportation Administration formula program will also be eligible for highways at a 60/40 matching ratio if the matching funds are available for use on both highway and transit projects or there is a sufficient and dedicated source of transit funding at the State or local level.

- Metropolitan and Rural Innovation Bonus Projects - Metropolitan and rural projects that provide innovative approaches to air quality, congestion and/or rural access problems may qualify for special treatment. If the project meets certain selection criteria, the State may seek additional obligation ceiling for that project from a set aside of any enacted obligation ceiling. These projects

will be approved according to criteria reflecting innovation, immediate action, noncapital intensiveness, and local commitment.

- Distribution Procedures - Funds distributed by formula based on each State's percentage of contributions to the Highway Trust Fund. Each State will receive at least one-half percent of the total Urban/Rural funds.

  Obligations will be incurred at the time the State submits its annual certification. The amount obligated will be an estimate by the States and could be revised during the year.

  Progress payments will be made to the States in a manner that provides them funds as they are needed to meet costs incurred.

- Takedowns

  - Administrative takedown of up to 3 3/4 percent of authorization to fund the operation of FHWA including research and development.

  - Takedown of one-half percent of remaining amount for Metropolitan Planning (distribution to States; see Planning also).

  - Takedown of one-half percent of authorization for the Territorial Highway Program.

  - Specified amounts will be set aside from each year's authorization to fund safety bonuses awarded to States meeting certain criteria. (See section on safety bonus.)

  - A set aside of up to $5 million from FYs 1992-1994 authorizations will fund State development costs of scenic byways.

- Federal Share - The Federal share will be 60 percent except for converting free facilities to toll facilities or to construct new toll facilities. These toll projects are to be funded at an up to 35 percent Federal share.

  - Sliding scale provisions for States with large areas of Federal lands will apply up to a maximum of 75 percent, except for toll projects.

- Funds available until expended.

- A State must certify that:
  - It is using a method of distributing funds that is fair and equitable over the period of the legislation to both rural and urban areas, including urbanized areas over 200,000.
  - Projects meet applicable Federal laws such as environmental, uniform relocation, and Civil Rights laws.
  - Projects will be constructed, operated and maintained in accordance with State approved standards and procedures including safety requirements.
- Eliminates project approvals/agreements/inspections/programs (see General Provisions), except that project approvals for Metropolitan and Rural Innovation Bonus projects which will be administered in the same fashion as NHP projects.
- No sanctions except that: 1) obligations may not be incurred if a State fails to certify that requirements will be adhered to; and 2) if a State is found not to adhere to its certification, future payments will be withheld.
- Each State to provide the Secretary an annual report on how funds have been used to improve transportation in the State. The Secretary may conduct reviews of State procedures or projects as deemed necessary.

**BRIDGE PROGRAM**

- Purpose - To focus priority on deficient and obsolete bridges through continuation of dedicated special Federal-aid funds to assist the States in rehabilitating or replacing bridges.
- The bridge program has two elements:
  1) An Apportioned Program that will apply to bridges on any public road with percentage requirements for roads functionally classified as rural minor collector or as local. Eligibility expanded to include certain safety related deficiencies (e.g., seismic retrofit) on bridges, provided such deficiencies have been identified as high priority by the Secretary. There will be a revised apportionment process based on level of service.
  2) A Major Bridge Discretionary Program that will apply to high cost bridges on roads not functionally classified as rural minor collector or as local. Minimum cost thresholds: for bridges on the NHS - $10 million; for bridges not on the NHS - $5 million. Any request for

funding from this category must include a comprehensive assessment of the feasibility of constructing a toll bridge and the option of commingled funding.

- States will be required to have an ongoing bridge inspection and inventory system for all bridges and a bridge management system for bridges on the NHS.

- Takedowns

  - Administrative takedown of up to 3 3/4 percent of authorization to fund the operation of FHWA including research and development.

  - Takedown of one-half percent of remaining amount for Metropolitan Planning (distribution to States; see Planning also).

- The maximum Federal share for bridge projects is 75 percent.

- Non-NHS bridge projects will be administered in the same way as the Urban/Rural Program, including obligation procedures and certification.

**BONUS SET-ASIDE FOR HIGHWAY SAFETY**

- A special Safety Program will be initiated under Section 402(h) to provide bonus incentives to accelerate the advancement of highway safety. The program will be jointly managed by National Highway Traffic Safety Administration (NHTSA) and FHWA and will include in its scope the present NHTSA alcohol safety incentive grant programs (i.e., Section 408 and Section 410).

- Bonus grant criteria will include nine safety performance criteria from which States can choose their program to qualify for incentives. Eligibility criteria will be established by the Secretary.

- The nine criteria for the Section 406 incentive are aimed at the following areas: 1) alcohol/drunk driving, 2) safety belt use, 3) fatality rate reduction, 4)pedestrian/bicycle safety, 5) heavy truck safety, 6) motorcycle safety, 7) emergency medical services, 8) public information and education, and 9) crash data collection and analysis.

- In FYs 1992-1996, a State will qualify for a bonus grant by meeting the first three criteria. For FYs 1993-1996 each State's bonus will increase in relationship to number of criteria met. Federal share for the bonus grants will be 60 percent.

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- Distribution of the annual incentive grants to qualifying States will be based on the same formula as the Urban/Rural Program (i.e., relative share of contributions to the Highway Trust Fund) and the number of criteria met. Compliance with alcohol criterion will result in more bonus funds than compliance with any other criterion.

**RESEARCH AND TECHNOLOGY**

- Purpose - To expand activities in cooperation with the private sector to advance U.S. technology leadership to support a productive, safe, 21st century highway system.

- The program will continue to be funded through General Operating Expenses and will focus on the following major areas:

  - Highway Research and Development - to focus on research in the areas of highway safety, pavements and structures, right-of-way and environment, and policy development, and planning. (Motor Carrier Productivity Research and Motor Carrier R&D will be funded through a separate Trust Fund appropriation under Motor Carrier Safety.)

  - Intelligent Vehicle-Highway Systems - to increase safety and mobility through a program to develop and deploy advanced technologies in the U.S. highway system and vehicle. Includes Research and Development and Operational Tests in the following: Advanced Traffic Management Systems, Advanced Traveler Information Systems, Commercial Vehicle Operations, and Advanced Vehicle Control Systems.

  - A cooperative alliance of Federal, State, local governments, private sector, and academia will participate in the Intelligent Vehicle-Highway System Program.

  - Long-Term Pavement Performance - to continue the program initiated under the Strategic Highway Research Program (SHRP). The program will support State highway agencies and Canadian plans to establish a pavement performance data base for North America.

  - Technology Assessment and Deployment activities will continue to provide technical assistance and training at the State, local and international levels; will identify transportation technology needs; will develop products to meet those needs; and will facilitate use of the products both nationally and internationally.

- Establish and maintain a national, federally funded, research and technology coordination and communication mechanism among transportation organizations.

- Local training and technical assistance will continue to be provided to rural areas (currently provided through the Rural Transportation Assistance Program) and will be expanded to provide improved access to highway technology for urban transportation agencies.

- Continue the Centers for Excellence as established under the University Transportation Centers, with the addition of three centers beginning in 1992.

- National Highway Institute is continued with minor modifications.

**MOTOR CARRIERS**

o The Motor Carrier Safety Assistance Program is continued with modifications in eligible activities to include weight enforcement and drug initiatives.

o In order to reduce the paperwork burden on Interstate motor carriers and enhance their productivity, States will be required to adopt uniform commercial motor vehicle registration and fuel tax reporting standards. A single base State collection and proportional sharing of revenue will be required. States' authority to require interstate carriers to register their economic operating authority will be preempted.

o States' authority over interstate or intrastate rates, routes, or services of any interstate motor carriers will be preempted. FHWA will enforce preemption through injunctive relief.

o An information system to serve as a clearinghouse and depository of information pertaining to the collection of commercial vehicle registration fees and fuel taxes will be established.

**OTHER PROGRAMS/PROVISIONS**

o High Speed Ground Transportation (HSGT) Support - Multimodal intercity corridor studies are eligible for highway planning funds; highway right-of-way may be used without charge by private HSGT entities with State approval; and highway adjustments to accommodate high speed rail and maglev will be an eligible use of NHP funds subject to safety, operational, environmental, improvement flexibility, and other highway considerations.

- The Emergency Relief program is continued with minor modifications.

- The following Federal Lands Highway Program categories will be continued: Park Roads and Parkways, Forest Highways, and Indian Reservation Roads. The current Public Lands Highway category will be discontinued. Federal Lands funds will continue to be subject to an administrative takedown of up to 3 3/4 percent.

- Ten percent of the total of apportioned NHP, Urban/Rural Program, and Bridge funds must be used for projects that have safety benefits.

- There will be an increased emphasis in International Transportation to support international highway and transportation activities; to increase FHWA interaction with developed countries; and to expand training and technology transfer activities with developing countries in Latin America, Asia, Africa, and Eastern Europe. Funding will be made available through annual appropriations.

- Alternative project procedures, replacing current Certification Procedures, are available for projects on the NHS and bridges costing less than $1 million and meeting environmental categorical exclusion criteria. Alternative project procedures will be mandatory by the end of FY 1995 and the threshold may be increased if the Secretary deems appropriate. The qualifying projects may be developed and constructed by the State under a certification that they will be built in the same manner as other projects on the NHS.

- Statewide preliminary engineering projects are permitted if the State enters into an annual agreement with the Secretary.

- Innovative design, construction and management practices for Federal-aid highway projects will be allowed as an experimental program to be followed by a report to Congress.

- Scenic byways will be eligible for development and improvement with National Highway and Urban/Rural Program funds, if otherwise eligible under those programs. Also, a special set aside from the Urban/Rural program will be earmarked for scenic byway development in FYs 1992-1994. Federal Lands Highway funds will continue to be available for vehicular parking areas and scenic easements; scenic outlooks will now also be eligible.

- Davis-Bacon threshold is raised to $250,000.

- A limited operational congestion pricing test is allowed for severe clean air non-attainment areas subject to criteria to be established by the Secretary.

**PLANNING**

- Highway Planning and Research, currently funded by a 1 1/2 percent earmarking of apportioned funds, will be continued.

- In addition, the States may use an unlimited amount of NHP and Urban/Rural funds for planning and research activities including metropolitan planning.

- Metropolitan Planning (PL) will be funded by a one-half percent takedown of the NHP funds, the apportioned Bridge funds, and the Urban/Rural funds.

- Urbanized areas over 200,000 will be required to have a technical process similar to the current process with the following additions:

  - more emphasis on multimodal considerations including intermodal connectivity and cost effectiveness,

  - more emphasis on coordination with land use planning, including impacts of land use decisions on transportation needs and opportunities for transportation corridor preservation and also opportunities for innovative financing mechanisms such as value capture.

  - more emphasis on consideration of transportation related air quality problems,

  - priority on congestion management before major capital investment,

  - development of areawide multimodal congestion management system in coordination with the process for the development of any required transportation elements of the State Implementation Planning (SIP), and

  - cooperation with the State in the development of pavement management, bridge management, and safety management systems.

- All urbanized areas will be required to have a Metropolitan Planning Organization (MPO) and produce a Transportation Improvement Program (TIP) approved by the MPO that includes the projects to be funded under the NHP, Urban/Rural Program, and the Bridge Program. In areas over 200,000, the TIP must be developed through the required technical process.

- In urbanized areas of less than 200,000 the State and MPO will decide on the extent of the technical process. However, as a minimum they must develop a TIP, assure that air quality problems in non-attainment areas are addressed and assure that the TIP conforms to the SIP.

- PL funds will be distributed to the States on the basis of urbanized area population, as they currently are. States will distribute them to the MPOs by a formula approved by FHWA that considers population and provides an appropriate distribution of funds to all urbanized areas.

- Federal share is 75 percent.

## GENERAL PROVISIONS

Eliminate/Repeal

- Programs
  - Urban Program
  - Secondary Program
  - Primary Program
  - Hazard Elimination
  - Rail-Highway Crossings
  - Strategic Highway Research Program (SHRP)
  - Optional Highway Planning and Research (PR)
  - Economic Growth Center Highways
  - Traffic Operations Improvements
  - Access Highways . . . on Certain Lakes
  - Minimum Allocation
  - Great River Road
  - Priority Primary Routes
  - Public Lands Highways

- Systems
  - Federal-Aid Urban
  - Federal-Aid Secondary
  - Federal-Aid Primary

- Requirements
  - Speed limit monitoring. (The national maximum speed limit and provisions for State collection of speed-related data are retained, but sanctions for motorist non-compliance are repealed.)

## FUNDING PROVISIONS

- Extend the Highway Trust Fund through FY 1998. The new nickel fuel tax will not be continued beyond its current expiration date (9/30/95). Beginning in FY 1996 user fees will revert to levels in effect on November 30, 1990.

- Total authorizations for all programs administered by FHWA range from $15.9 billion in FY 1992 to $20.3 billion in FY 1996.

- An obligation limitation for each of the five years of the bill is placed on the Federal-aid highway program. The limitation ranges from $15.7 billion in FY 1992 to $20 billion in FY 1996. Obligations of previously allocated minimum allocation funds, emergency relief, and special disaster assistance funds are exempt from any obligation limitation.

- Programs with unobligated balances remaining on September 30, 1991, will be continued in parallel with the new programs until their periods of availability expire. This will be FY 1994 for most of the categories. States will be provided the option of transferring unobligated balances to new program categories. If transferred, funds become subject to the rules and requirements of the new program.

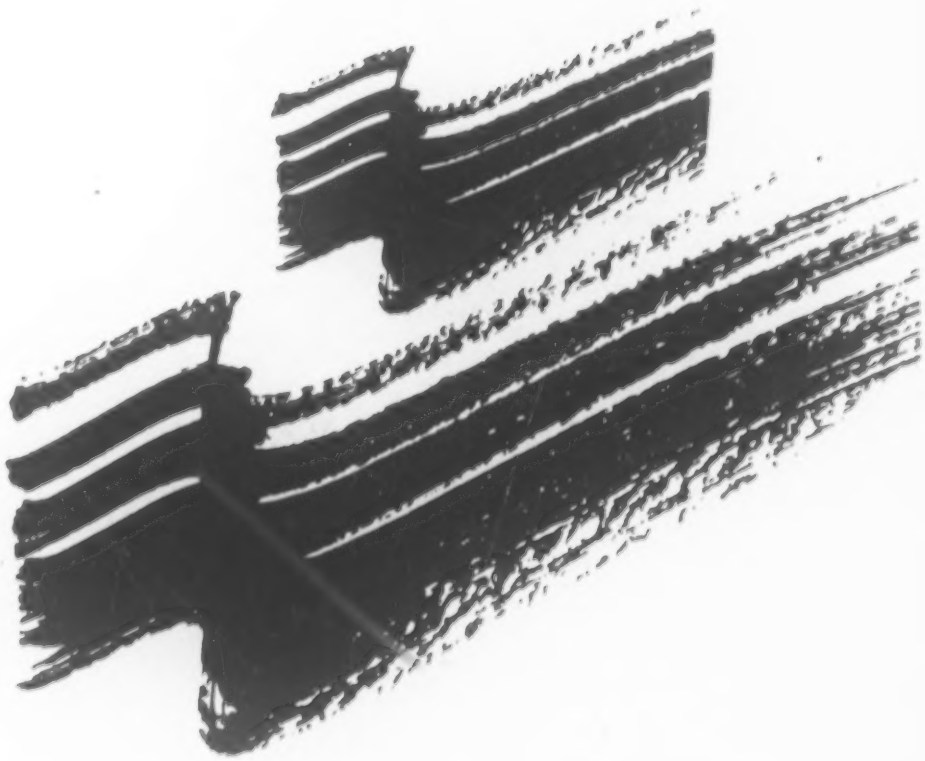
- A Highway Tax Compliance Project is funded as a separate authorization for FYs 1993-1996 to boost the IRS's and States' capabilities to place greater emphasis on fuel tax enforcement efforts in order to reduce the highway revenue losses from fuel tax evasion.

- Temporary Matching Waiver - States will be permitted to waive the State match on apportioned funds (NHP, Bridge and Urban/Rural) under Title 23 for FYs 1992-1993. The limit on the amount obligated under this provision is 25 percent in each of FYs 1992-1993 of the funds apportioned for FY 1992. States must repay the waived amount by March 31, 1994, or their FY 1995 and FY 1996 apportionments will be reduced by the waived amount.

U.S. Department of Transportation
Office of the Secretary of Transportation

# FY 1992 Budget in Brief

February 1991



# DEPARTMENT OF TRANSPORTATION

## HIGHLIGHTS OF FY 1992 BUDGET

Just as the Model T and the Kitty Hawk prepared the way for today's millions of cars and thousands of passenger jets, so it is now our turn to invest in America's future, to begin to create the transportation system of the 21st. century.

President George Bush
March 8, 1990

In the next decade, economic challenges will continue to put transportation to the test. Now, with the National Transportation Policy, we have a blueprint for action. We must keep working together to ensure that we have a sound, efficient intermodal transportation system to meet those challenges, in the 1990's and beyond.

Samuel K. Skinner
Secretary of Transportation
February 1991

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In support of the Administration's National Transportation Policy (NTP), the Department of Transportation's FY 1992 budget request totals $33.55 billion in appropriations and obligation limitations.

This request is 24.8 percent above the FY 1991 President's Budget and 6.3 percent above the FY 1991 enacted level. Our National Transportation Policy (NTP) helped us identify and articulate the infrastructure and safety needs facing this country. The growth reflected in this budget supports critical initiatives important to this Department and to the goals of this

Administration: support for the President's aviation programs reflected in the recently enacted legislation; investment in surface transportation infrastructure as the centerpiece of the Administration's proposal for reauthorization of surface transportation programs; maintenance of a strong and effective Coast Guard; continuing support for safety programs; investment in research and development across the Department; and support to assure a quality DOT workforce.

The staffing request totals 109,904 Full Time Equivalents (FTE), a 3.6 percent increase over FY 1991. This staffing increase is necessary to meet our safety and security responsibilities and to implement new legislation. The staffing increase includes additional safety inspectors, air traffic controllers, and security personnel.

Major themes of the budget which reflect the principles of the NTP follow:

o Maintain and Expand the Nation's Transportation System

Nearly $24 billion, or 71 percent of the Department's budget, is for programs directly supporting capital investments in highway, transit, rail, and aviation infrastructure. Such investments are needed to maintain current conditions as well as to expand capacity and the Department's proposal is 8.1% above the FY 1991 enacted level. This includes $19.3 billion for surface transportation investments — a 6 percent increase over FY 1991 enacted levels. Moreover, our five-year reauthorization proposal for surface transportation will propose capital investments totalling $102 billion.

- **Foster a Sound Financial Base for Transportation**

Given the transportation needs and the deficit reduction requirements facing this country, it is imperative that the Department foster sound, viable financing to ensure long term investment without conflicting with deficit reduction goals. Hence, the budget continues to rely heavily on user fees rather than general funds to finance transportation programs; 80 percent of our budget would be financed from user fees in FY 1992 versus 72 percent in FY 1991. In addition, the Department continues to pursue funding mechanisms for ensuring that federal transportation investments promote as much non-federal investment as possible. The Administration's proposal for passenger facility charges at airports, which Congress enacted in 1990, will be implemented. Our surface transportation reauthorization proposal will encourage innovative financing mechanisms.

- **Ensure that the Transportation System Supports Public Safety and National Security**

The budget includes $1.8 billion for direct, operational safety programs, a 14 percent increase over FY 1991, needed to carry out the Department's responsibilities to ensure a safe transportation system and the safety of the travelling public, particularly on our highways where nine out of ten transportation casualties occur. This amount includes funds for inspections, search and rescue, safety grants to States and transportation security. The budget also continues efforts to ensure that transportation services are drug-free and supports the Nation's overall drug

interdiction strategy and proposes $751 million, essentially the same as FY 1991, to maintain these efforts. To support this country's national security, we are requesting $630 million or 1.9 percent of the Department's budget to support the Coast Guard's responsibilities for military readiness as well as the Ready Reserve Force and the National Defense Reserve Fleet in MARAD. Both the Coast Guard and the Ready Reserve Force have been actively supporting Operation Desert Storm.

- o Protect the Environment and the Quality of Life

The budget includes $614 million for environmental activities. This includes funds to clean up DOT facilities and to ensure environmental compliance as well as funds to carry out new legislative requirements pursuant to the Oil Pollution Act, the Hazardous Materials Transportation Uniform Safety Act, the Sanitary Food Transportation Act and the Clean Air Act. This amount does not include funds for mitigation of environmental impacts or environmental enhancement of federally funded transportation projects. These are eligible expenses and costs are included in the total for programs supporting capital investments. All of these laws increase our regulatory requirements as well as prevention and enforcement responsibilities.

- o Advance U.S. Transportation Technology and Expertise

The budget includes $435 million for research and development, overall a seven percent increase over FY 1991. Through this investment, the Department will act as a catalyst to promote technological advances to

improve the productivity and safety of transportation services. In particular, significant growth is proposed in the areas of maglev and high speed rail and intelligent vehicle highway systems.

This budget also provides for management improvements. Significant investments are proposed in information systems improvements, financial management, procurement system controls, and training. These investments will contribute to the productivity of DOT staff.

Across the Department, funds are requested to enhance the Department as a workplace and to improve the quality of life of its employees, by addressing workplace facilities, housing, and child care needs. In this way, the Department seeks to retain and attract talented career civil servants. All of these areas are key to the long term effectiveness of this Department.

## FEDERAL HIGHWAY ADMINISTRATION

The FY 1992 program, including exempt obligations, for the Federal Highway Administration (FHWA) is $16.5 billion. Excluding demonstration projects, this represents a $630 million (four percent) increase over the FY 1991 enacted level. The budget is based on the Administration's comprehensive legislative proposal to reauthorize the surface transportation programs for FY 1992-96.

The legislative proposal seeks to reorient the Federal Highway Program. It will reshape the Federal program for the post-Interstate era by restructuring current multiple categorical grants into a few major Federal interest areas:

- **National Highway Program** would focus investment on maintaining and improving an identified national highway system serving interstate and interregional travel. The new system will incorporate the Interstate System but will also reflect major demographic and travel changes that have occurred since Interstate routes were designated.

- **Urban/Rural Program** would replace several existing categorical programs including the secondary and urban programs and that part of the primary program covering minor arterials. It would allow custom tailored solutions to regional and local transportation problems through a flexible multimodal approach.

**Highlights of the FHWA budget include:**

- For Federal-Aid Highways, an obligation limitation of $15.722 billion is proposed for FY 1992. With obligations exempt from the limitation assumed at $100 million for Emergency Relief and $450 million associated with prior year Minimum Allocation authority, obligations would total $16.272 billion. By FY 1996, the obligation limitation would increase 27 percent to $20.0 billion.

- For Motor Carrier Safety Grants, an obligation limitation of $60 million is proposed. This program would increase to $80 million in FY 1993 and then to $100 million in FY 1994.

- For the Motor Carrier Safety program, the request totals $49.3 million, a 23 percent increase over FY 1991. The budget supports an increase of 43 positions and 39 FTEs necessary to implement the Hazardous Materials Transportation Uniform Safety Act of 1990, the Motor Carrier Safety Act of 1990, and the Sanitary Food Transportation Act of 1990.

- Highway-Related Safety Grants are funded at $35 million, 250 percent above the FY 1991 level. The increased funding will contribute to a safety bonus program, a new effort jointly administered by FHWA and NHTSA to reduce fatalities and accident severity by focussing on driver performance.

- The University Transportation Centers program is funded at $7 million. This program, together with funding from the UMTA budget, now funds

transportation research at ten university centers, one per region. The budget proposes to increase the program to 13 university centers, thus diversifying the program, and providing for special attention to safety issues.

- A limitation of $352 million on General Operating Expenses (GOE) is requested for FY 1992, an increase of $95.6 million (37 percent) above the FY 1991 level. More than half of this increase ($54.6 million) reflects enhanced funding for our Research and Technology program. The budget includes 88 new positions and 44 FTEs to manage the expanded research and Federal-aid programs proposed for FY 1992-96. Other areas of growth include increased funding for Minority Business Enterprise, Highway Use Tax Evasion, and International Transportation programs such as technology exchange and technical committees and seminars.

- Funds for Highway Safety Research and Development would be merged with the Highway Research and Technology initiative in the General Operating Expenses account. The combined program would be $104 million, a 111 percent increase over FY 1991. Among the areas that will be addressed are: traffic gridlock on urban freeways, including computerized traveler information systems both in the vehicle and on the roadside; and the application of artificial intelligence to traffic congestion problems. These efforts are intended to enhance safety design in the future and to help improve on-the-road efficiency through better technology.

## NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

For the National Highway Traffic Safety Administration (NHTSA), the FY 1992 budget requests a funding level of $292.2 million in appropriations and obligation limitations, a $43.8 million (17.7 percent) increase over the FY 1991 level. These funds will support efforts to continue the decline in the traffic death rate and meet the President's goals for improved traffic safety. The budget proposes to fund all of NHTSA's programs from the Highway Account of the Highway Trust Fund. Currently, 69 percent of the NHTSA budget is funded from the trust fund and 31 percent from general revenues.

Highlights of the NHTSA budget include:

- The $127.2 million request for Operations and Research includes funding to support vehicle and highway safety, and related research and analysis programs. Of particular significance are programs to train police in additional metropolitan areas to detect drivers impaired by alcohol and other drugs; programs to examine human factors associated with driver performance; and research into injury causation and occupant protection during crashes.

- The budget proposes $165 million to continue highway safety grants to States including $115 million for Section 402 formula grants. The reauthorization proposal for the highway safety program will include new safety bonus funds of $50 million in FY 1992 (plus $25 million in companion FHWA funding). The bonus funds will include $25 million for alcohol program incentives to encourage states to implement stronger alcohol safety programs.

## URBAN MASS TRANSPORTATION ADMINISTRATION

For FY 1992, $3.329 billion is requested for the Urban Mass Transportation Administration (UMTA). This is a $71 million increase over the enacted level for FY 1991. The budget is based on the Administration's comprehensive legislative proposal to reauthorize the surface transportation programs for FY 1992-96.

The budget and legislative proposals reflect key principles. The first is to provide reliable and stable funding for mass transit needs, through greater dependence on trust fund financing and formula allocations. In FY 1992, the entire UMTA program except $80 million for Washington Metro will be funded from the Mass Transit Account of the Highway Trust Fund, compared to 43 percent in FY 1991. In addition, 80 percent of the FY 1992 funding will be allocated using statutory formulas compared to 58 percent in FY 1991. State and local decision makers will therefore have a more predictable and stable Federal funding stream upon which to base investment decisions. Grantees will have enhanced flexibility with which to develop the most cost effective local transportation systems. Funds for bus and rail projects will not be earmarked and centralized "discretionary" funding will be reduced.

**Highlights of the UMTA budget include:**

- o $2.60 billion for Formula capital and operating grants. This represents a 3.6 percent increase over FY 1991, adjusted for programs previously funded under Discretionary Grants (e.g., Rail Modernization, extraordinary Bus needs, and Elderly and Handicapped) that are now proposed to be funded within Formula Grants.

The Formula program includes:

-- $2.2 billion for Formula capital assistance to transit agencies serving areas over 50,000 population. This is a $1.3 billion increase (133 percent) in formula capital funding over FY 1991. This level is achieved by redirecting $.8 billion of Discretionary capital funding to Formula capital, and by redirecting $.5 billion of Formula operating grants to Formula capital. Reducing operating subsidies and increasing capital expenditures is a priority of this Administration's National Transportation Policy.

-- $.2 billion of operating assistance and $.1 billion for materials and supplies will be provided to cities under one million population. Cities over one million will not be eligible for operating assistance beginning in FY 1992. In those areas, formula grants will be redirected strictly to capital investment.

-- $45 million for Elderly and Handicapped Grants, a $10 million increase over prior years.

-- $89 million for Non-Urban areas, a $24 million increase from prior year levels of about $65 million.

o $350 million for Discretionary Grants: $300 million dedicated to New Starts, including $212 million to complete funding for those projects currently under Full Funding Agreements with the Department and

$88 million for new projects that meet cost-effectiveness criteria. The Discretionary Grant program also includes $50 million to fund particular needs not addressed through the formula program.

- $160 million for Interstate Transfer Grants--Transit: the same level as the FY 1991 enacted budget. This program will likely be completed in FY 1993, given the estimated cost to complete of $321 million remaining at the end of FY 1991.

- $93 million for a new program entitled "Transportation Planning and Research." This program combines several separate programs: Research, Training and Human Resources; the state and local planning program; and the Rural Transit Assistance program and adds a new cooperative research program oriented toward solving specific local transit problems. Funding for research and planning programs increases 60 percent from the $58 million provided in FY 1991.

- $80 million for Washington Metro, which will complete all funding requirements for the existing 89.5-mile system and begin funding an additional 13.5 miles as authorized under the "National Capital Transportation Amendments Act of 1990."

- $6 million for University Transportation Centers, a $1 million increase over FY 1991. This funding together with funds requested in the FHWA budget will support three additional centers for a total program of 13 centers.

o $40 million for Administrative Expenses, including 31 additional FTE to improve grant oversight.

## FEDERAL RAILROAD ADMINISTRATION

For the Federal Railroad Administration (FRA), appropriations of $566 million are requested, a decrease of $339 million from the FY 1991 enacted level. Support for the safety and research and development functions of FRA, however, are proposed to increase in total by 19 percent over FY 1991. For the first time since FY 1985, the President's Budget requests funds for Amtrak.

**Highlights of the FRA budget include:**

o $41 million for Railroad Safety, an increase of $7 million over FY 1991. The budget request funds an additional 67 positions (43 FTE) to strengthen inspection coverage and to implement new regulations mandated by the Hazardous Materials Transportation Uniform Safety Act of 1990, the Sanitary Food Transportation Act of 1990 and the Rail Safety Improvement Act of 1988.

o $26 million for Railroad Research and Development, an increase of $4 million over FY 1991. The additional funding provides $15.5 million to conduct safety, economic, and other technical studies to assess the viability of high speed rail and magnetic levitation (maglev) systems.



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- $18 million for the Office of the Administrator, an increase of $3.8 million over FY 1991, excluding Local Rail Freight Assistance which the budget does not propose to fund in FY 1992. Included in this request is $1.8 million for Alaska Railroad Environmental Cleanup and Workers' Compensation payments for which the Federal Government, as the prior employer, has a continuing responsibility.

- $480 million is requested for Amtrak. The budget, together with companion legislation, envisions an aggressive strategy of legislative reform and management actions to reduce operating costs, increase revenues, and provide more capital investment to increase productivity. The budget includes $180 million for operating subsidy, $150 million for mandatory payments and $150 million for capital, which Amtrak needs to make its services more cost-effective.

- Railroad user fees, estimated to raise $41 million in FY 1992, are included to help offset the cost of railroad safety activities, including inspections.

## FEDERAL AVIATION ADMINISTRATION

For FY 1992, a funding level of $9.3 billion (including the Airport Grant obligation limitation) is proposed for the Federal Aviation Administration (FAA). This is $1.1 billion (14 percent) above the FY 1991 enacted level. Consistent with the FAA reauthorization, 75 percent of FAA's request is financed from the Airport and Airway Trust Fund. In prior years, the share of the FAA budget funded from the trust fund averaged 55 percent (FY 1985-90).

The FY 1992 budget provides for the continued safe, reliable, and efficient operation of the National Airspace System (NAS), including financing of the multi-year program to modernize and improve air traffic control and airway system facilities.

**Highlights of the FAA budget include:**

- $4.457 billion for Operations, an increase of $420 million (10 percent) over the FY 1991 enacted level. These funds will support the operation and maintenance of the Nation's air traffic control and navigation systems, provide for aviation safety and security inspections, and establish and enforce civil air regulations. The FY 1992 program provides for the addition of 450 air traffic controllers for a total of 17,945 controllers, 100 new aviation inspectors, and 178 new civilian aviation security personnel. For FY 1992, almost half of the Operations appropriation will be financed from the Trust Fund.

- $2.7 billion for Facilities and Equipment, an increase of $605 million (29 percent) over FY 1991. The FY 1992 budget continues implementation of the multi-year National Airspace System Plan to update obsolescent labor-intensive facilities with new solid-state equipment, and to provide new facilities with modern equipment capable of handling the volumes of air traffic predicted for the 1990s and beyond. Major systems proposed for funding in FY 1992 include: the Advanced Automation System, Voice Switching and Control System, Long Range Radars, Automated Weather Observing Systems and facilities in support of major hub airport capacity expansion.

- $210 million for Research, Engineering and Development, a two percent increase, including research on airport capacity improvements, aviation security, and aging aircraft. Work will continue to modernize communications systems and systems for the acquisition, processing, dissemination, and display of weather information tailored to the needs of aviation users.

- $1.9 billion obligation limitation for airport improvement grants, a six percent increase over the FY 1991 enacted level to address capacity needs. Airport capacity funding will be further augmented by implementation of the new authority to levy passenger facility charges (PFC). Airports could generate an estimated $1 billion or more annually in local revenue, depending on the number and size of airports that opt to levy a PFC and the level of PFC charged.

## UNITED STATES COAST GUARD

For FY 1992, the budget requests a funding level of $3.627 billion. This is a $284 million (8 percent) increase over the enacted FY 1991 level. The budget continues to emphasize funding for marine environmental and law enforcement efforts, while maintaining the Coast Guard's traditional strong roles of protecting and saving lives at sea, and serving in the Nation's defense. The budget also includes a renewed emphasis toward improving the quality of working and living conditions for Coast Guard personnel.

**Highlights of the Coast Guard budget include:**

- $2.54 billion for Operating Expenses to operate and maintain a wide range of multimission vessels, aircraft, shore units and aids-to-navigation, including facilities acquired through capital investments in previous years. The total includes $35 million proposed to be funded from motor fuel taxes deposited in the Boat Safety Account and $31 million from the Oil Spill Liability Trust Fund.

- $423 million to fund capital improvements, including vessel and aircraft acquisition, replacement, and rehabilitation; information management resources; and construction and renovation programs at selected shore facilities, including $26.8 million from the Oil Spill Liability Trust Fund. In FY 1992, renovation of the twelfth and final 378-foot cutter will complete the Fleet Renovation and Modernization process, the multi-year modernization and renovation of Coast Guard's largest and most capable class of multi-mission cutters. Funding is requested for the first

replacement seagoing buoy tender and for the design work leading to the replacement of the buoy tender fleet. Replacement of obsolescent helicopters currently being used in the Caribbean to thwart illegal drug activities will continue and a major effort will be directed at extending the availability of decent, affordable housing to eligible Coast Guard military members and their dependents.

- $25.1 million to carry out the Coast Guard's responsibilities for environmental compliance and restoration (up from $21.5 million in FY 1991) associated with environmental problems resulting from the construction and operation of former and current Coast Guard facilities. The budget includes funds for work at four major sites and numerous smaller locations.

- $10.2 million for Alteration of Bridges, to continue alteration of the CSX Railroad bridge in Pascagoula, Mississippi, and the Burlington Northern Railroad bridge at Burlington, Iowa and to conduct preliminary engineering design work at other sites.

- $77.3 million for Reserve Training to fund and train a selected reserve strength of 12,000 members. The budget maintains the FY 1991 funded level of reservists.

- $28.8 million for Research, Development, Test and Evaluation, a 15 percent increase over FY 1991, to fund the development of hardware, procedures, and systems that directly contribute to increasing the productivity of Coast Guard operating and regulatory programs.

- $35 million for Boat Safety Grants, the full authorized level, to provide financial assistance to States for the development and implementation of a coordinated National Boating Safety Program.

- $487.7 million to fund retired pay, annuities, and medical care for military retired personnel and former Lighthouse Service members, their dependents and survivors.

- $50 million available without further appropriation from the Oil Spill Liability Trust Fund pursuant to the Oil Pollution Act of 1990 (Section 6002) to finance the cleanup and initial damage assessment of oil spills.

The budget assumes the collection of $153 million in user fees for selected Coast Guard services, consistent with the Omnibus Budget Reconciliation Act of 1990.

## MARITIME ADMINISTRATION

For the Maritime Administration (MARAD), appropriations of $298 million are requested for FY 1992.

**Highlights of the MARAD budget include:**

- $225 million for the Ready Reserve Force, equal to the FY 1991 enacted level. With this level of funding, MARAD will make further progress toward meeting the Department of Defense requirement of attaining a 142-ship RRF

fleet by 1994. Growth of the RRF fleet is needed to provide basic logistic support to our deployed forces during the initial surge period of an armed conflict. Currently 69 RRF ships have been activated in support of Operation Desert Shield/Desert Storm.

- o $73 million for Operations and Training for continued support of the U.S. Merchant Marine Academy and support of State maritime schools, management of maritime promotional programs, operation and maintenance of the National Defense Reserve Fleet (exclusive of the RRF), and for a Research, Technology and Analysis program.

- o No appropriation for budget authority is required under current law for Operating Differential Subsidies, because existing subsidies are covered by prior years' contract authority. An appropriation to liquidate contract authority of $272 million in FY 1992 is requested

- o No new commitments for Title XI Federal Ship Financing loan guarantees for ship construction are projected for FY 1992.

## SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

For FY 1992, $10.8 million is requested to be appropriated from the Harbor Maintenance Trust Fund to the Corporation. These funds, together with non-toll revenues estimated at $1.6 million, will finance the operation and maintenance of the United States portion of the St. Lawrence Seaway.

## OFFICE OF THE INSPECTOR GENERAL

The budget for the Office of the Inspector General (OIG) requests $38.7 million to support audit and investigative activities. Twenty-four new positions are requested, including 19 auditor positions to meet the provisions of the Chief Financial Officers Act of 1990, which requires audited financial statements of the Department's trust funds, revolving funds, and to the extent practicable, commercial type activities. The request also includes: $600 thousand for contracting for selected audits of financial statements to be performed by public accounting firms; $400 thousand for implementing provisions of the Federal Law Enforcement Pay Reform Act of 1990 (P.L. 100-509); and an increase of $753 thousand for audits performed by the Defense Contract Audit Agency.

## RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

The FY 1992 request of $37.9 million for the Research and Special Programs Administration represents a 41 percent increase over the FY 1991 enacted level, consistent with a more aggressive enforcement of pipeline safety and hazardous materials transportation activity. Highlights include: $3.6 million and 23 positions to implement new hazardous materials and sanitary foods transportation laws; $1.4 million and 18 positions to administer the University Research and Airline Tariff Filing programs previously located in the Office of the Secretary; $7 million for grants to States for Natural Gas and Hazardous Liquid Pipeline Safety Programs, a 35 percent increase over

FY 1991; and 75 FTE added to the Volpe National Transportation Systems Center to maintain a core technical and management capability to respond to the Department of Transportation's and other government agencies' research requirements.

## OFFICE OF THE SECRETARY

Appropriations and obligation limitations totalling $198.1 million are requested for the Office of the Secretary in FY 1992.

**Highlights of the OST budget include:**

- $38.6 million (obligation limitation) for Payments to Air Carriers, consistent with the authorization level for this program in FY 1992.

- $4.8 million for the Office of Commercial Space Transportation, and 25 FTEs to support safety and regulatory responsibilities. A staff increase of 4 positions, and 2 FTE is proposed for the licensing program in support of new launch vehicle concepts, new launch facilities and the increase in expected launches and licenses. The budget also assumes $300 thousand collected in user fees will support the licensing program.

- $81.5 million for Salaries and Expenses, to support 710 FTE, of which $12.2 million will fund development of certain Departmentwide systems, especially DAFIS, the Department-wide accounting system.

- $69 million for Headquarters Facilities, to fund a portion of the cost (e.g., certain communication costs) of the new DOT headquarters building not financed by the General Services Administration.

- $4.2 million for Transportation Planning, Research and Development for intermodal studies to support the formulation of national transportation policies.

- $165.6 million (obligation limitation) for the Working Capital Fund to support departmentwide services.

## INTERSTATE COMMERCE COMMISSION

- The budget proposes $15.9 million, 216 FTE, to transfer certain rail activities of the Interstate Commerce Commission (ICC) to the Department, subject to the enactment of proposed ICC sunset legislation.

DEPARTMENT OF TRANSPORTATION

APPROPRIATIONS & OBLIGATION LIMITATIONS IN
ANNUAL APPROPRIATION ACTS
(IN MILLIONS OF DOLLARS)

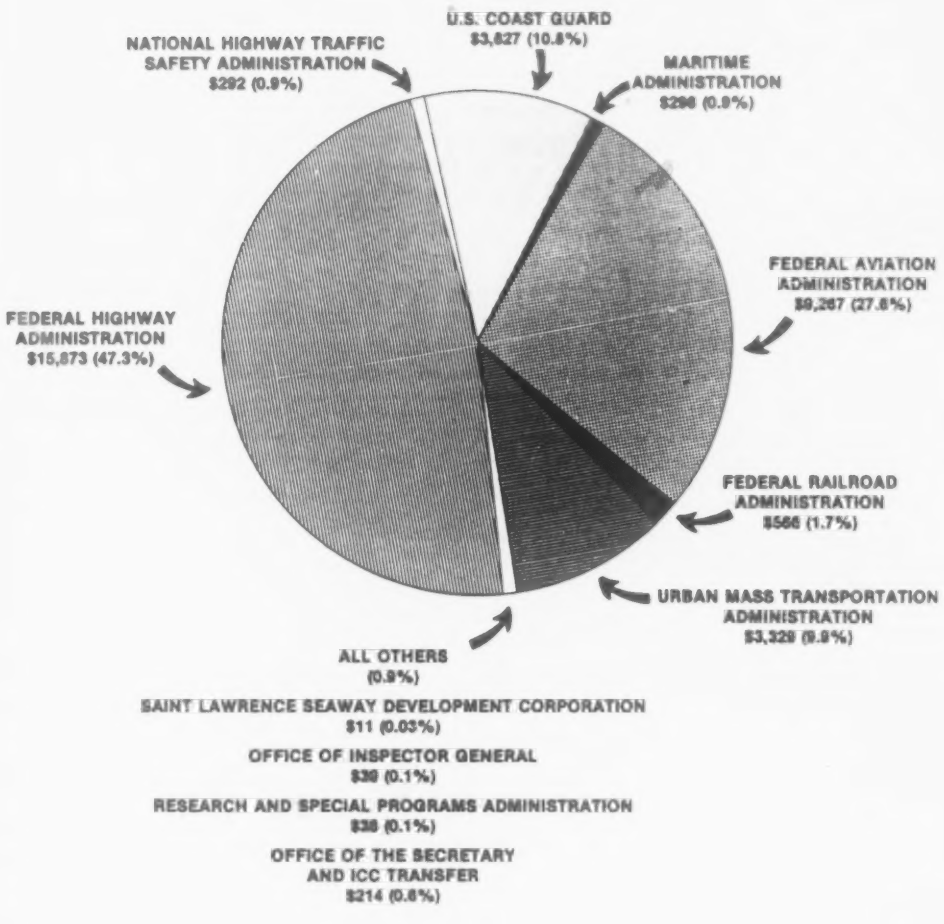
| ADMINISTRATION | FY 1990 ACTUAL | FY 1991 ENACTED | FY 1992 ESTIMATE |
|---|---|---|---|
| FEDERAL HIGHWAY ADMINISTRATION | 13,560 | 15,089 | 15,873 |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION | 236 | 248 | 292 |
| FEDERAL RAILROAD ADMINISTRATION | 710 | 905 | 566 |
| URBAN MASS TRANSPORTATION ADMINISTRATION | 3,048 | 3,259 | 3,329 |
| FEDERAL AVIATION ADMINISTRATION | 7,141 | 8,137 | 9,267 |
| U S COAST GUARD | 3,060 | 3,343 | 3,627 |
| MARITIME ADMINISTRATION | 155 | 294 | 298 |
| ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION | 11 | 10 | 11 |
| OFFICE OF THE INSPECTOR GENERAL | 32 | 32 | 39 |
| RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION | 27 | 27 | 38 |
| OFFICE OF THE SECRETARY | 98 | 199 | 198 |
| ICC RAIL PROGRAMS | XXX | XXX | 16 |
| COMBINED APPROPRIATIONS AND OBLIGATION LIMITATIONS | 28,077 | 31,543 | 33,554 |

NOTE : COLUMNS MAY NOT ADD DUE TO ROUNDING.

# DEPARTMENT OF TRANSPORTATION

## *FY 1992 Appropriations and Obligation Limitations in Appropriation Acts ($ in millions)*

## *DOT Total—$33,554*



DEPARTMENT OF TRANSPORTATION

BUDGET AUTHORITY
(IN MILLIONS OF DOLLARS)

| ADMINISTRATION | FY 1990 ACTUAL | FY 1991 ENACTED | FY 1992 ESTIMATE |
|---|---|---|---|
| FEDERAL HIGHWAY ADMINISTRATION | 15,278 | 14,605 | 15,979 |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION | 229 | 245 | 292 |
| FEDERAL RAILROAD ADMINISTRATION | 710 | 905 | 566 |
| URBAN MASS TRANSPORTATION ADMINISTRATION | 3,193 | 3,259 | 3,329 |
| FEDERAL AVIATION ADMINISTRATION | 7,367 | 7,938 | 9,267 |
| U S COAST GUARD | 3,159 | 3,393 | 3,677 |
| MARITIME ADMINISTRATION | 176 | 340 | 336 |
| ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION | 11 | 10 | 11 |
| OFFICE OF THE INSPECTOR GENERAL | 32 | 32 | 39 |
| RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION | 27 | 27 | 38 |
| OFFICE OF THE SECRETARY | 98 | 199 | 198 |
| ICC RAIL PROGRAMS | XXX | XXX | 16 |
| SUBTOTAL | 30,281 | 30,951 | 33,748 |
| DEDUCT: PROPRIETARY RECEIPTS FROM THE PUBLIC | 33 | 247 | 271 |
| TOTAL BUDGET AUTHORITY | 30,248 | 30,705 | 33,476 |

NOTE : COLUMNS MAY NOT ADD DUE TO ROUNDING.

NOTE: COAST GUARD FUNDING INCLUDES $160 MILLION IN FY 1990 AND $300 MILLION IN FY 1991 APPROPRIATED IN THE DEPARTMENT OF DEFENSE APPROPRIATION ACTS FOR TRANSFER TO COAST GUARD.

DEPARTMENT OF TRANSPORTATION

OUTLAYS
(IN MILLIONS OF DOLLARS)

| ADMINISTRATION | FY 1990 ACTUAL | FY 1991 ENACTED | FY 1992 ESTIMATE |
|---|---|---|---|
| FEDERAL HIGHWAY ADMINISTRATION | 14,293 | 14,437 | 15,370 |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION | 248 | 244 | 267 |
| FEDERAL RAILROAD ADMINISTRATION | 536 | 770 | 646 |
| URBAN MASS TRANSPORTATION ADMINISTRATION | 3,770 | 4,048 | 3,519 |
| FEDERAL AVIATION ADMINISTRATION | 6,391 | 7,419 | 7,970 |
| U S COAST GUARD | 3,021 | 3,259 | 3,722 |
| MARITIME ADMINISTRATION | 259 | 558 | 555 |
| ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION | 10 | 10 | 11 |
| OFFICE OF THE INSPECTOR GENERAL | 31 | 34 | 39 |
| RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION | 26 | 17 | 30 |
| OFFICE OF THE SECRETARY | 98 | 209 | 121 |
| ICC RAIL PROGRAMS | XXX | XXX | 14 |
| SUBTOTAL | 28,683 | 31,005 | 32,264 |
| DEDUCT: PROPRIETARY RECEIPTS FROM THE PUBLIC | 33 | 247 | 271 |
| TOTAL | 28,650 | 30,759 | 31,992 |

NOTE : COLUMNS MAY NOT ADD DUE TO ROUNDING.

DEPARTMENT OF TRANSPORTATION

TOTAL FULL TIME EQUIVALENT EMPLOYMENT (FTE)

| ADMINISTRATION | FY 1990 ACTUAL | FY 1991 ENACTED | FY 1992 ESTIMATE |
|---|---|---|---|
| FEDERAL HIGHWAY ADMINISTRATION | 3,607 | 3,794 | 3,882 |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION | 674 | 666 | 675 |
| FEDERAL RAILROAD ADMINISTRATION | 610 | 678 | 728 |
| URBAN MASS TRANSPORTATION ADMINISTRATION | 415 | 429 | 460 |
| FEDERAL AVIATION ADMINISTRATION | 50,497 | 52,764 | 54,685 |
| U S COAST GUARD -CIVILIAN | 5,637 | 5,773 | 6,227 |
| -MILITARY | 37,376 | 38,497 | 39,295 |
| SUBTOTAL | 43,013 | 44,270 | 45,522 |
| MARITIME ADMINISTRATION | 1,039 | 1,100 | 1,100 |
| ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION | 169 | 179 | 179 |
| OFFICE OF THE INSPECTOR GENERAL | 464 | 462 | 480 |
| RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION | 748 | 724 | 852 |
| OFFICE OF THE SECRETARY | 1,003 | 1,042 | 1,125 |
| ICC RAIL PROGRAMS | XXX | XXX | 216 |
| DOT - TOTAL | 102,239 | 106,108 | 109,904 |
| - CIVILIAN | (64,863) | (67,611) | (70,609) |
| - MILITARY | (37,376) | (38,497) | (39,295) |

# AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

HAL RIVES, President
Commissioner
Georgia Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

STATEMENT BEFORE

THE SURFACE TRANSPORTATION SUBCOMMITTEE
OF THE
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Relating To

AUTHORIZATION OF THE POST-INTERSTATE SURFACE TRANSPORTATION PROGRAMS

By

HAL RIVES
President, American Association of State Highway
and Transportation Officials
and
Commissioner, Georgia Department of Transportation

March 19, 1991

Founded in 1914, AASHTO represents the departments concerned with transportation and highways in the fifty States, the District of Columbia and Puerto Rico, to foster the development, operation and maintenance of an integrated national transportation system. The active members of AASHTO are the duly constituted heads and other chief directing officials of the member transportation and highway agencies.

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Mr. Chairman, I am Hal Rives, President of AASHTO, and Commissioner of the Georgia Department of Transportation. On behalf of the Association, we are pleased to respond to the Subcommittee's request for the Association to provide you with our views on surface transportation reauthorization legislation.

Let me begin, Mr. Chairman, by thanking you and the Subcommittee for conducting this hearing, and for your pledge to move rapidly forward with legislation reauthorizing the highway and transit programs. You are fully aware that the 1987 STURAA expires on September 30 of this year, and we share your concern that new reauthorization legislation be enacted before that date.

The surface transportation bill we all hope will be enacted by this 102nd Congress is important to the future of America, as you and other members of Congress and President Bush have all stated. It is important because we know that transportation is key to our economy, and that if America hopes to compete effectively in the world economy of the 1990s and beyond we must improve the efficiency of our transportation system. Transportation is also important because it is vital to the life style of Americans.

The kind of transportation system we plan now will make or break this nation's economy into the 21st century, and will directly affect the daily lives of all Americans. We have choices to make. We can continue to live with congestion, let transit limp along, lose time and money traveling on decaying highways, and watch as our competitive position in the world economy declines. Or we can act to think anew about our transportation problems and how to solve them, and enact a surface transportation program that will keep the United States a world-class competitor and provide Americans with the mobility we know they are seeking.

Mr. Chairman, in this statement I want to do two things. The first is to review with you AASHTO's recommendations for highways and public transportation, highway safety, and transportation research. Then, I want to comment on the Administration's proposed Surface Transportation Act of 1991, which the Committee leadership has introduced as H.R. 1351, by request.

AASHTO's Recommendations

With respect to AASHTO's recommendations for the federal-aid highway and transit programs, they are contained in our 1989 report New Transportation Concepts for a New Century, and some policy resolutions adopted more recently. The report and the policy resolutions were all approved by more than our required two-thirds majority of our 52 member departments, and have previously been transmitted to the Subcommittee.

Turning first to the New Concepts report, copies of which have been provided to the Congress, we have prepared a Summary of AASHTO's Recommendations for Federal Surface Transportation Reauthorization Legislation based on the report, a copy of which is attached as Exhibit A. To further summarize and clarify our recommendations, we have also prepared a one-page summary, which is attached as Exhibit B.

Before discussing our highway and public transportation recommendations, I want to make clear that AASHTO believes all transportation modes are important and vital if we are to meet America's needs to move people, goods, and freight, and that we must begin to both think and act in a more intermodal manner. It is for this reason that our New Concepts report includes analysis and recommendations affecting all transportation modes. A special concern we have is to assure adequate linkages between the modes, so that they will function as a part of a national transportation system serving America.

It is not possible for any one transportation mode to meet our national transportation needs for people and freight. Instead, we need an interrelated network of air, rail, water and motor vehicle transportation services. The surface transportation reauthorization act will deal directly with only two modes, highways and public transportation. But it should also recognize the other modes, and include linkage processes among the modes.

In the New Concepts report, AASHTO has identified seven goals we believe surface transportation reauthorization legislation should address. They are:

- Preservation of the highway and public transportation systems we have already created, which alone will require substantial investments by all levels of government;
- Congestion relief for our choked urban and suburban areas, using a mix of highways and transit;
- Adequate funding based upon user and benefitter fees, with general funds as well as motor fuel tax funds continued for public transportation;
- A renewed national commitment to safety through research and new programs and applications;
- Access to all the regions of this nation through a balanced, coordinated system;
- Planning and research to develop new transportation technologies and apply them promptly; and
- Economic growth and vitality through improved productivity, reduced costs, and improved international competitiveness.

For America's highways, we must provide for system preservation, bridge needs, Interstate reconstruction, urban congestion relief, and in some instances new highway facilities and capacity improvements. AASHTO is also committed to completion of the remaining Interstate highway and Interstate substitution projects.

In transit, we must improve public transit services to address urban congestion, enable the reconstruction and maintenance of our facilities, and provide mobility for the non-driving public.

In both highways and public transportation, we need to address concerns about Clean Air and the environment, and energy supply and usage.

As described in the New Concepts report, and summarized in Exhibits A and B, the Association's principal program recommendations include:

Highways

AASHTO believes that the federal-aid highway program should be restructured to eliminate the many current categories, and to establish a two-component program designed for the America of the 1990s.

The first component is a Categorical Program focused on meeting national transportation goals, a System of Highways of National Significance that would include the Interstate system and additional mileage selected from our principal arterials. While the Association has not specified a specific mileage for this system, the New Concepts report provides a range of from 150,000 to 180,000 miles. I would recommend the higher level.

The second basic component is a Flexible State and Local Program, focused on specific national goals identified by Congress. The states would be charged with annually preparing a plan to meet those goals, and federal oversight would be maintained by approval of the annual plan and through annual progress reports. This Program will provide the flexibility needed to address the unique needs found in communities across the nation, while assuring that federal funds are spent to solve national issues identified by the Congress. Funds could be used on either highways or for public transit, as determined by the states and their local governments.

Moving to highway safety, in 1990 AASHTO adopted a report titled Highway Safety Strategic Plan, 1991-2000, a copy of which is also attached. That Plan called for an increase in federal funds for highway safety, and identified 19 specific safety strategies to be addressed in the areas of people, vehicles, highway environment, post accident, and safety management, arranged in ten major program areas. The Association believes that highway safety should be an eligible item for expenditure in both the Categorical Highway Program and the Flexible State and Local Highway Program, centered around the ten major areas.

With respect to funding, AASHTO recommends a federal-aid highway program funding level of $17.6 billion in FY 1992, increasing in increments to $25.9 billion in FY 1995. The funds would be divided evenly between the two components, with the possibility for transferring up to 20 percent from one program to the other. Overall, the Association recommends an 85 percent federal, 15 percent state/local match in the federal-aid highway program.

Transit

AASHTO supports the current basic structure of the federal transit program, with the Discretionary Program being considered as a Categorical Program and the Formula Program as a Flexible Program. The Association also supports the current funds distribution process, except that for funding beyond the current $1.1 billion in the Discretionary Program a formula distribution

would be employed, holding currently funded programs harmless. The new formula should distribute 50 percent of the new funding by the Section 9 formula, and 50 percent by total population.

The Association also supports continued operating assistance, including areas over 1 million in population, and the current matching ratios. AASHTO also strongly supports continuation of general fund support for the federal transit program.

With regard to the federal funding level, the Association recommends a capital funding level of $3.5 billion for FY 1992, increasing to $5.0 billion in FY 1995, accompanied by a continuation of operating assistance at the current level of about $800 million annually.

The Administration's Proposal

Let me now turn to H.R. 1351, the Administration's proposed Surface Transportation Act. At the outset I want to make clear that AASHTO commends both Secretary Skinner and President Bush for their initiative in developing and sending this bill to the Congress. We believe it does, and should, establish the framework for reauthorization.

We take issue with certain important elements of the Administration's bill, including specifics of the proposed National Highway System, the distribution of funds between the two components of the new highway program, the absence of a minimum allocation program to assure donor states a fair return on their contributions to the federal Highway Trust Fund. We also have concerns about the proposed transit program, including the proposed elimination of general fund support and operating assistance for urban areas of over 1 million in population. As to funding, we take issue with the overall proposed level of federal investment in both highways and transit, and with a transit program that is essentially flat over the five years of the bill, in current dollars. I will take up each of these concerns.

But first, let me state that we find many good things in the Administration's bill. We believe that the overall structure of the bill, including the re-write of Title 23, is good. We find many parallels between AASHTO's recommendations and what the Administration's bill proposes, as shown by the following side-by-side comparison:

| AASHTO Recommendation | H.R. 1351 Provision |
|---|---|
| Highways | |
| 2-component program - | 3-component program - |
| - Highway System of National Significance (HSNS) | - National Highway System |
| - Flexible State and Local Program | - Urban/Rural Program |
| - Bridges on each program | - Separate Bridge Program |

| AASHTO Recommendation (cont.) | H.R. 1351 Provision (cont.) |
|---|---|
| Discretionary fund for high cost bridges | Has provision |
| HSNS of 150,000-180,000 miles | NHS of 150,000 miles, with 15,000 in reserve |
| Flexible Program useable for roads or transit, at option of state and local governments | Has provision |
| Fund Interstate Completion and Interstate Substitution projects | Has provision |
| Apportionment formula not linked to miles on HSNS | Formula not linked to miles on NHS |
| Distribute Flexible Program funding pro rata based on contributions to federal Highway Trust Fund | Has provision, but with 1/2% minimum to all states |
| Strengthen highway research, provide for Long Term Pavement Performance component of SHRP, establish public/private IVHS research and development | Has provisions |
| Simplify administration of Flexible Program, using certification concept | Has provisions |
| Strengthen highway safety program | Has provisions |
| At least a 4-year bill | 5-year bill |
| Transit | |
| Categorical program for major needs and new systems, funded from Mass Transit Account | Has provisions |
| Establish a transit research program paralleling the federally-supported highway research program | Has provisions |

Mr. Chairman, there are many other provisions of H.R. 1351 that are significant, and in which AASHTO concurs. The Administration's bill, in our opinion, offers an excellent beginning point for reauthorization of the surface transportation programs.

Let me now turn to those areas of H.R. 1351 where AASHTO's recommendations are in disagreement with provisions of the bill, or where serious concerns have been expressed.

## Highway Program

### National Highway System

AASHTO is in agreement with the basic concept of the National Highway System, as contained in H.R. 1351. However, as work has gone on over the past year between the Federal Highway Administration and the states, there is some dissatisfaction with the 150,000 mile cap placed on the basic NHS in H.R. 1351.

It should be stated that AASHTO did not identify a specific mileage cap in the New Concepts report. Instead, a commentary discussion was included in the report describing how the HSNS should be identified, and which suggested a cap of between 150,000 and 180,000 miles. As work has proceeded since the leadership of the House Public Works and Transportation Committee requested the FHWA and AASHTO to cooperate in producing a preliminary designation of routes to constitute an illustrative HSNS or NHS, some states have found the 150,000 mile cap adequate. Others, including my state, believe that a higher cap is necessary, perhaps 200,000 miles. This 200,000 mile length for the HSNS or NHS was also supported by the National Governors' Association, in public statements.

Mr. Chairman, the Subcommittee is requested to look carefully at this issue, to be certain that all states are treated fairly.

### NHS and Urban/Rural Funding Split

There is concern within AASHTO about the proposal in H.R. 1351 to place some two-thirds of highway funding in the categorical National Highway System, and one-third in the Urban/Rural Program, with the possibility of transferring up to 15 percent of the NHS funding to the other program.

AASHTO examined this issue thoroughly in developing its recommendation for a 50-50 split between these two programs, with the capability to transfer up to 20 percent from one to the other. We believe this is a much better division of the funding, in that it will accommodate the specific highway situation in each state.

This issue is in part related to the size of the NHS, particularly at a limit of around 150,000 miles. It is a fact that the Interstate mileage varies significantly in the different states, as will factors likely to be utilized in the formula utilized to distribute NHS funding. In a state with limited miles on the NHS, compared to other states, but with significant fund allocations, there simply may be too much money allocated in that state to the NHS while the Urban/Rural program is under funded. When this situation occurs, as it would in Georgia, it will make it very difficult to stretch the thus limited Urban/Rural funds to handle both road and transit projects, even with the possible transfer of 15 percent of the NHS funding to the Urban/Rural program.

Looking at all factors involved, and there are others beyond those discussed, it was AASHTO's judgement that the only fair division of funding was 50-50 to the two components of the highway program. Even then it was recognized that in a given state conditions might demand a different division of the funds, which gave birth to our 20 percent transfer recommendation.

The argument might be raised that a 50-50 division of funding to the NHS will not assure adequate preservation of the Interstate System, or other NHS highways. We believe that the FHWA has ample authority to address such a situation.

Minimum Allocation Program

AASHTO's position is in support of a continued Minimum Allocation Program (MAP). Specifically, AASHTO believes "that minimum allocations should be developed for any program addressing needs on the national highway system," and recommends that "an 85 percent minimum allocation provision should be established and the existing 1/2 percent minimum apportionment retained for the Categorical Highway Program."

For the AASHTO Flexible Highway Program, which corresponds to the Urban/Rural Program in the Administration's proposal, AASHTO recommends 100 percent return of funds to the state on the basis of "pro rata shares based on percentage of total highway user contributions attributable to each state."

The Administration's bill contains no minimum allocation provision for the programs addressing needs on the national highway system, but does include the 1/2 percent minimum apportionment. We believe that in the interests of equity the bill should also contain an 85 percent minimum allocation provision.

It is the Administration's position that the distribution formulas they have included in H.R. 1351 will assure an 85 percent minimum return to all states, and that continuation of the MAP is therefore not necessary. Yet an examination of distribution tables released by the FHWA show that this argument is wrong.

Moreover, there are at least two situations which could easily change what is projected on the released FHWA tables. First, the factors utilized in whatever formula is adopted may well vary during the five years of the bill, which could move any state's return up or down significantly. Secondly, the bridge program allocations indicated on the table are only FHWA's best estimates at this time, and will ultimately depend upon the bridge funding formula approved by Congress and subsequent implementing regulations. The bridge funding allocations could vary significantly, depending on future events.

The Administration's goal of eliminating the need for Minimum Allocation Program is commendable. But the evidence is that they have not achieved this goal. AASHTO believes that there is still need for a Minimum Allocation Program in any proposal, to help assure equity to the donor states. If FHWA is correct and no need will arise to utilize the MAP, then no harm is done. But if FHWA is wrong, the MAP will be an insurance policy to assure equity.

We must reiterate that the AASHTO position is a 100 percent return on the Urban/Rural Program on a pro rata basis, and an 85 percent minimum return for programs addressing needs on the national highway system.

Hold Harmless

The opposite side of the equity issue coin from MAP is hold harmless. AASHTO's New Concepts recommendations call for assured hold harmless to all states, so that no state will receive less annually under the new program than the current highway program would provide in 1991, as if all states had completed their Interstate highway system. The Administration has tried to meet the hold harmless situation in H.R. 1351 through a combination of a one-half percent minimum allocation in both the National Highway Program and the Urban-Rural Program, and the use of a low density adjustment factor. The ultimate success of this approach depends to an extent on the funding level approved for the highway program by Congress, and Congressional acceptance of a low density adjustment. Mr. Chairman, the attention of the Subcommittee to this important equity issue is strongly urged.

Allocation Formula

The New Concepts report does not recommend a specific allocation formula for the National Highway Program. It does, however, include a general guideline, which reads as follows:

> "...the basic formula for distributing categorical highway funds should be driven by factors, such as lane miles, travel (VMT), and other appropriate factors."

Inherent in this statement is to separate the formula from direct reliance on the number of miles in the HSNS or NHS. Instead, the desire is to make the formula response to measures of need, which AASHTO believes include lane miles and travel on the system.

The formula advanced in H.R. 1351 relies mainly on fuel consumption, which of course is a surrogate for VMT. The formula also includes centerline miles, as opposed to lane miles. It also includes "other appropriate factors," as suggested by the New Concepts language cited above.

AASHTO has spent considerable time and effort examining different possible formulas, but there is no real consensus among the states. Traditionally, the Association has not recommended specific formulas, leaving this to the political process in Congress.

There are different formula concepts being advanced by individual states and groups of states, and the Subcommittee is urged to carefully examine each from the standpoints of equity, and responding to the needs of the highway system. So far we are not aware of any formulas which our member departments agree would provide reasonable equity in funds distribution for donor states. It appears, therefore, that the best available way to achieve this equity is through a Minimum Allocation Program, as discussed above.

Matching Ratios

It is the recommendation of AASHTO that overall the federal-state match in the highway program should be about 85 percent federal to 15 percent state and local, which is similar to the current average of about 83 percent federal to 17 percent state and local. As we understand it, H.R. 1351 would move in the other direction from the Association's recommendation, toward an overall match of about 72 percent federal, 28 percent state.

With regard to the categorical HSNS or NHS program and bridges, AASHTO recommends that the match should be around 85 percent federal, with up to 100 percent for extremely important projects like roadway preservation and bridge needs.

Under AASHTO's flexible program, which corresponds to the Urban/Rural Program of H.R. 1351, we believe that it should be up to the state, working with its local governments, to determine the specific match.

H.R. 1351 sets a 75 percent federal match for the NHP, with up to 90 percent for Interstate 3R projects. The Urban/Rural program has a lower federal match of 60 percent. This rigid arrangement will cause problems in the states as they work with local governments and transit agencies, and as funds are transferred from one program to the other. We believe the AASHTO approach of working from an overall match ratio, and we recommend 85-15, with the opportunity to adjust the Urban/Rural Program match to an appropriate level, is a better concept.

Transit

Elimination of Operating Assistance

AASHTO supports continued operating assistance to transit agencies, regardless of the size of the urban area. We believe that the Administration's proposal to eliminate operating assistance for areas of over 1 million population will simply force many transit systems to increase fares, which may in turn reduce ridership. This seems to contradict the federal initiatives in the Clean Air Act Amendments passed last year which require state and local areas to take actions to reduce pollution in non-attainment areas, in part by increasing transit ridership.

If fares are not raised, then it will be up to state and local governments to find additional subsidy funds. In many instances, a combination of the two sources of revenue would be needed. In other areas further funds may simply be unobtainable by either approach, which could cause significant service curtailments.

We believe that there is a federal interest in assuring the operation of transit in these large cities, and that the surface transportation reauthorization bill should support this position. Otherwise a curtailment of service is probable that will diminish in value the many billions of dollars of capital investment in our transit systems.

Reduced Federal Match

The Association supports the current federal match provisions in the public transportation program, and therefore opposes the reduced federal shares for transit included in the bill. Many state and local governments have been doing their share to increase funding to transit. We believe that the resources of most states and local governments for transit are already significantly stretched, in part because of the transfer of funding responsibility from the federal level that has occurred since 1981. It is not reasonable to expect these jurisdiction to double their matching share in order to receive federal transit funds.

Elimination of General Fund Support

The Association believes that general fund support should be continued for the transit program, at least at the current levels. We therefore cannot support the elimination of general fund support for transit, as proposed in H.R. 1351. The agreement reached in the establishment of the Mass Transit Account in 1982 was that general funds would be retained for operating purposes and certain other transit purposes, and that mass transit account funds would be used for capital projects. General funds are an integral part of the federal mass transit program and should be retained.

With respect to funding transit entirely out of the Mass Transit Account of the Highway Trust Fund, all indications are that this will be a diminishing resource, if efforts to increase the use of transit and reduce vehicle miles of travel and fuel use by automobiles are successful. Implementation of Clean Air legislation, with its emphasis on alternate fuels and less automobile usage, will serve to reduce the amount of revenue in the Mass Transit Account, as well as the Highway Account. For this reason alone, reason calls for continued general fund support for transit.

Funding Levels

Mr. Chairman, we are greatly concerned at the overall funding levels proposed for the highway and transit programs in the President's budget, and H.R. 1351. Simply put, the proposed funding levels for both programs means a further shifting of costs to state and local governments, and a further decline in federal support for a truly national program, transportation.

AASHTO is well aware of the fiscal constraints placed upon Congress by the five-year budget accord enacted last fall, especially for FY 1992 and FY 1993. But we believe that additional funds are needed for both highways and transit, above what is recommended by the Administration. And we believe, as others have testified, that at least some additional funding can be generated by use of the accumulated interest in the Highway Trust Fund and other creative actions.

Let me now briefly address funding levels for the two modes.

## Transit

Looking first at the proposed transit budget and funding in H.R. 1351, the Administration is proposing a transit program that is essentially flat for five years at $3.3 billion, which means that when inflation is taken into account buying power will decline substantially over this period.

After a significant amount of analysis examining future needs for all modes of transportation, which is detailed in our 1988 The Bottom Line report, copies of which have been sent to Congress, AASHTO has recommended that funding for transit be increased to $4.3 billion in FY 1992 and rise incrementally to $5.8 billion by FY 1995, including both capital and operating subsidies. This funding level is needed just to maintain existing transit service and provide a modest level of improvement. Anything less, in our judgement, can well cause declines in service, and a withering away of this vital national resource.

In 1990 Congress enacted Clean Air legislation that states it is a federal objective to reduce transportation-related air pollution in America, in part through increased transit services. The Administration's proposal sends the opposite signal from the federal government, that the promise of the Clean Air legislation was not truly meant.

## Highways

AASHTO's funding recommendations for the federal-aid highway program are also based on the findings of The Bottom Line report. Included in our assumptions are the need for a funding level of about $100 billion per annum in the highway program by all levels of government, if we hope to preserve our system, improve safety, at least partially relieve congestion, assure safe bridges, and increase efficiency of the system. This $100 billion compares to a current expenditure level of about $68 billion per annum, and should be shared by all levels of government.

We believe that the federal share our highway funding should climb back toward the 25 percent level of several years ago, or at least that it should not fall below the current 22 percent level of participation. The Administration's proposal could well reduce federal participation to 20 percent, or less, if fully implemented.

Mr. Chairman, AASHTO has proposed a federal funding level of $17.6 billion in FY 1992, climbing in increments to $25.9 billion in FY 1996, a level that would then be maintained, adjusted for inflation. When matched by state and local governments, this would approach the needed $100 billion annual funding level.

The Administration's bill moves upwardly toward the needed funding levels, at least in the last two years. But it falls short of what is needed. Mr. Chairman, we urge the Subcommittee to do everything possible to move upward toward the levels proposed by AASHTO.

Conclusion

Mr. Chairman and members of the Subcommittee, when our Policy Committee met in December it adopted policy resolution PR-9-1990, a copy of which is attached. That resolution contained six resolves directed toward the Congress and the Administration. The first resolve called upon the leaders of the Congress to make passage of a surface transportation reauthorization act a high priority for 1991, and this you have done. The fourth resolve requested the Administration to complete and transmit its proposed bill to Congress early in 1991, and this they have done. The stage is now clearly set for action.

The remaining four clauses of PR-9-1990 contain the essence of what AASHTO urges you to consider. Mr. Chairman, we hope that the Subcommittee will take our requests and our recommendations into account, and that we will have a new, landmark bill enacted well before October 1.

If there is any way in which I or AASHTO can be of assistance to the Subcommittee, please do not hesitate to let us know. I will be pleased to respond to any questions, either now or in writing later.

/ / / /

EXHIBIT A

# SUMMARY OF AASHTO'S

# RECOMMENDATIONS FOR

# FEDERAL SURFACE TRANSPORTATION REAUTHORIZATION LEGISLATION

Based on the AASHTO Report

"New Transportation Concepts For a New Century,"
Published December, 1989

March 19, 1991

## GOALS, OBJECTIVES AND FEDERAL ROLE PRINCIPLES

### Goals

The member departments of AASHTO have set out seven specific national goals the Association believes should guide surface transportation reauthorization legislation. They are:

1. Preservation

Preservation of America's existing surface transportation system should be the primary goal of any future national transportation program since it is this system which provides the basic network upon which this nation's economic health and international vitality depend.

2. Congestion Relief

A balanced approach to increasing capacity and reducing congestion on this nation's surface transportation system should be employed, including an appropriate mix of highways and transit, and a thoughtful application of systems management technologies and demand management techniques.

3. Adequate Funding

User and benefitter fees, set at an appropriate level to cover the economic cost of the surface transportation facilities and services provided, should be dedicated solely to the funding of transportation improvements. General fund commitments to public transportation should continue.

4. Safety

The safety of Americans, using the surface transportation facilities and services, should be preserved and enhanced through the continued national commitment to safety research, safety applications and safety projects.

5. Access and Balance

The national surface transportation system should be comprised of a balanced, integrated and coordinated multi-modal network of facilities and services which provide an adequate level of access to all of the various regions of this nation.

6. Planning and Research

This nation should continue to commit sufficient funding to transportation planning and research to ensure that established goals are met, that future options do not get precluded, and that new

technologies are developed and applied to transportation infrastructure in a timely manner.

7. Economic Vitality

The national surface transportation program should preserve and enhance the economic vitality of this nation by providing employment, reducing transport costs, improving freight movement productivity, revitalizing rural America, rejuvenating blighted urban areas, supporting existing land uses, attracting economic development, providing transportation for rapidly growing regions, and improving international competitiveness.

## Objectives

Given these seven, AASHTO believes that the following should be the objectives of the highway and public transportation components of the surface transportation reauthorization act:

### Highways

1. System Maintenance, including pavement preservation;

2. Bridge Needs, including maintenance, repair and replacement;

3. Interstate Reconstruction, including pavement rehabilitation and preservation of the existing system;

4. Urban Congestion should be addressed with improved freeway/expressway capacity where appropriate;

5. Principal Arterials se ing interstate and intrastate needs; and

6. Interstate Capacity should be increased by the addition of lanes in congested sections.

In addition, AASHTO strongly supports the prompt funding and completion of the remaining Interstate highway and Interstate substitution commitments.

### Public Transportation

1. Urban Congestion should be addressed with improved public transportation services where appropriate;

2. Reconstruction and Maintenance of facilities and vehicles should be provided to preserve existing service; and

3. Mobility should be provided for the non-driving public by public transportation services.

Modal Interlinks, Applicable to Both Highways and Public Transportation

1. Access by highway and public transportation modes should be improved to ports, terminals and other modal facilities; and

2. Planning should ensure that decisions to locate ports, terminals and other modal facilities include adequate consideration of existing and future surface transportation requirements.

Federal Role Principles

AASHTO believes that all levels of government, federal, state and local, as well as the private sector, have roles to play in meeting these goals and objectives. Turning specifically to the federal role, the Association believes that the following eleven principles should apply to surface transportation reauthorization legislation:

1. Issues of National Significance should be included in the federal focus on transportation;

2. Systems of National Significance should be included in the federal focus on transportation;

3. Preservation Needs on the existing surface transportation should be included in the federal focus;

4. National Economic Well-Being and economic growth should be included as part of the federal focus and role in transportation;

5. Planning should be emphasized in the federal role;

6 Safety should be emphasized in the federal role;

7. Major Capital Needs requiring massive expenditures for new construction or reconstruction should be part of the federal role;

8. Research should be emphasized in the federal role;

9. Interstate or Interregional Issues should receive at least a minimum response at the federal level;

10. Emergency Relief should be provided for at the federal level; and

11. Defense should be included in the federal role in providing surface transportation.

RECOMMENDED SURFACE TRANSPORTATION PROGRAM

Building upon the above-summarized goals, objectives and principles, which are more fully discussed in the New Concepts report, the Association makes the following recommendations with regard to the content of surface transportation reauthorization legislation:

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## Funding Levels

### Premises

Based on AASHTO's findings as published in the September, 1988 AASHTO report titled "Keeping America Moving - The Bottom Line," copies of which have been filed with the Subcommittee, the Association believes that to deal effectively with highway and public transportation needs into the 21st century total annual spending by all levels of government, regardless of source, should rise to a level of over $100 billion for highways and about $16 billion for public transportation, in constant dollars, compared to today's investment level of about $68 billion for highways and $14.5 billion for public transportation. The Association also believe that the overall federal percentage share of the Federal-aid highway program should be at least the same as has been traditional, and that the federal share of the public transportation program should be increased over the levels of recent years.

## Federal-Aid Highway Program Funding

### Program Level

The Association recommends a federal-aid highway program funding level beginning at $17.6 billion in FY 1992, increasing to $19.6 billion in FY 1993, to $22.7 billion in FY 1994, and reaching what would be a continuing level of $25.9 billion in FY 1995.

Of a Federal-aid highway program beginning at approximately $18 billion in FY 1992 and increasing to approximately $26 billion in FY 1995, 50 percent should be allocated to the Categorical Highway Program and 50 percent to the Flexible State and Local Highway program; a state should be allowed to transfer up to 20 percent of its total highway apportionment either way between that state's Categorical Highway Program and Flexible State and Local Highway Program, without FHWA approval.

### Minimum Allocation and Hold Harmless

To help assure that all states receive equitable highway funding in a new surface transportation program, the Association recommends continuation of a minimum allocation program with respect to the donor states, and implementation of hold harmless provisions mainly for Western states that are large in land area and relatively sparsely populated.

Under AASHTO's recommendations, no state should receive less under a new surface transportation program than the current federal-aid highway program would provide in 1991 as if all states had completed their Interstate Highway Systems. An 85 percent minimum allocation provision should be established and the existing 1/2 percent minimum apportionment retained for the Categorical Highway Program.

In the event federal highway funding is increased above the 1991 levels, every state, including hold harmless states, should then receive an increase in its allocation. The percentage growth in highway allocation amounts for

hold harmless states should be at an equitable percentage growth rate.

Public Transportation Program Funding

With respect to public transportation, the Association recommends a federal capital funding level of $3.5 billion in FY 1992, rising annually to a level of about $5.0 billion by FY 1995, along with a continuation of operating assistance at the current level, which is approximately $800 million per year. Approximately $1.1 billion of these funds would be used for the Categorical Transit Program, and all other funds would be used for the Flexible State and Local Transit Program.

AASHTO'S HIGHWAY AND PUBLIC TRANSPORTATION PROGRAM RECOMMENDATIONS

In both the federal-aid highway and the public transportation programs the Association recommends a two-component program. The first is a categorical program focused on meeting clearly national requirements, and the second is a flexible state and local program which will enable the states and their local governments to tailor transportation solutions to their unique needs. Under the flexible state and local programs federal funds would be utilized only to address specific transportation issues as defined by the Congress and necessary federal oversight would be assured, but current procedures that hamper the effective use of federal funds would be eased. In the categorical programs the federal role would remain much as at present.

The New Concepts report describes AASHTO's highway and public transportation program recommendations in detail. The following summarizes the Association's recommended categorical and flexible programs for highways and public transportation, the numbers in parenthesis after each section indicating the page(s) of the New Concepts report containing the recommendation.

THE AASHTO CATEGORICAL HIGHWAY PROGRAM

I-Purpose: The purpose of the Categorical Highway Program is to provide a National Highway System to serve interstate commerce and national defense needs. The National Highway System, which in the New Concepts report is called the Highway System of National Significance (HSNS), would be larger than the present 44,629 miles of the Interstate system, but smaller than the 303,698 mile combined total of the Interstate system and the present federal-aid primary system. (3-11)(3-15)(C-2,3).

II-Procedure:

1. This program would be focussed on a Highway System of National Significance, or National Highway System, which would consist of the present Interstate system and a portion of the principal arterial system as redefined. The redefinition necessary would include a cooperative and rigorous effort between AASHTO and the Federal Highway Administration (FHWA) to develop consistent criteria to be used by states in

designating principal arterial system routes to be part of the National Highway System (3-15).

2. The formal establishment of the National Highway System should be completed as a cooperative effort between AASHTO and FHWA after adoption of federal authorization legislation. Consultation should occur with local governments and private sector users as the System is defined, and the FHWA would be given an appropriate mileage to assign in order to ensure system rationalization and route connectivity. The new National Highway System, or Highway System of National Significance, should result in a nationally consistent, state designated, federally approved system plan (3-15).

3. In defining the National Highway System, at least the following criteria should be considered in identifying existing routes and new corridors beyond the existing Interstate system:

   Serve interstate and international commerce and travel
   Provide for national defense needs
   Enhance economic vitality and international competitiveness
   Provide service to all portions of the nation

   The identification procedure should not be static, but should allow the states to respond to changing population and travel patterns over time through an objective review of the process (3-15).

4. Categorical Highway Program funds would be used for projects on the Highway System of National Significance (HSNS), or National Highway System, to:

   Reconstruct and/or rehabilitate
   Provide additional urban capacity
   Provide for pavement preservation
   Provide additional mileage needs
   Provide for bridge needs (3-14)

5. An appropriate amount of Highway Trust Fund monies would be appropriated and apportioned to each state under the Categorical Highway Program. A percentage of funds would be set aside for meeting needs like:

   Transportation planning and research
   Transportation safety
   Transportation emergency relief
   Transportation to federal lands (3-15)

6. In addition to bridge needs funded through regular Categorical Highway Program apportionments, AASHTO also supports a Discretionary Bridge Program to fund structural and/or capacity deficient bridges on any public highway if the cost of rehabilitating, replacing or supplementing the capacity of the bridge exceeded $10 million or 10 percent of the state's total annual federal-aid highway apportionments under the new highway program. An amount of funds not to exceed 2 percent of the total federal-aid highway funding should be used for this Discretionary Bridge Program (3-16).

III-Federal Oversight:

1. The Categorical Highway Program should continue to be administered in a manner similar to that employed presently. Coordination will be required among the state transportation agencies, regional planning bodies and local governments, particularly in the case of urban transit systems, transportation planning and modal interlink projects (3-20).

2. A streamlined certification process should be used for projects developed under the Categorical Highway Program. Differences which exist between the certification of highway and transit projects would be retained at the federal level (3-22).

IV-Funding:

1. The basic formula for distributing Categorical Highway Program funds should be driven by factors such as lane miles, travel (VMT), and other appropriate factors (3-20).

2. The matching ratio for highway and bridge improvements under the Categorical Highway Program should range between 100 and 85 percent federal dollars. For extremely important projects like roadway preservation and bridge needs the federal portion could initially be 100 percent. For other needs, like capacity increases or additions to the system, the initial federal matching ratio could come closer to an 85 percent level. Over the first five years of any new program, AASHTO believes that the federal matching ratio for the Categorical Highway Program should be around 85 percent (3-22 and 3-23).

3. Emergency relief and Public Lands highway projects, due to their very nature, should be eligible for 100 percent federal funding (3-23).

## THE AASHTO FLEXIBLE STATE AND LOCAL HIGHWAY PROGRAM

I-Purpose: The purpose of the Flexible State and Local Highway Program is to provide a highly flexible source of funding to be used at the discretion of state and local governments, as long as Federally identified transportation Issues of National Significance are being addressed. The Flexible Highway Program would replace all other federal-aid highway categories and programs now existing at the federal level. (3-17)

II-Procedure:

1. Funding for the Flexible Highway Program could be spent by states or local governments on projects which address federally adopted Issues of National Significance, like:

   Urban mobility
   Suburban congestion
   Rural access
   Modal interlinks (3-17)

   Eligible facilities and services would include:

   Other primary, rural secondary and urban routes
   Other functionally classified roadways
   Public transit (E-25 - Figure A)

2. Flexible Highway Program funds would be administered and coordinated on a statewide basis under the direction of state officials. An appropriate amount of funding would be appropriated and apportioned to each state to fund projects like:

   Construction and reconstruction
   Rehabilitation and preservation
   Bridge needs (3-17) (E-25 - Figure A)

   Roadways and bridges which are not on the Highway System of National Significance, but are functionally classified as arterials or collectors, and any other highways or bridges which are currently eligible for use of federal aid are eligible for improvement under the Flexible Highway Program.(3-17)

3. Flexibility of decision-making, prioritizing and programming at the state level would be achieved under the Flexible Highway Program through processes that include city and county governments and ensure consideration of their surface transportation needs. (3-17)

III-Federal Oversight:

1. Each state would prepare an annual list of projects

for its Flexible Highway Program, using existing documents like the state construction program, the regional Transportation Improvement Programs and the local government project lists, for prior approval at the federal level. (3-22)

2. Annual progress reports covering the preceding year's achievements under the Flexible Highway Program would be required, and would be submitted at the same time and as a part of the annual list of projects document. The annual progress report would assure that the federally adopted Issues of National Significance are being addressed through expenditures of those federal highway funds, and would keep Congress and the Administration abreast of progress toward the national goals surrounding the Issues. (3-20)(3-22)

3. Certification for highway projects developed under the Flexible Highway Program would not occur at the individual project level, but at the statewide Program level. (3-22)

IV-Funding:

1. The Flexible Highway Program funding should be allocated to the states strictly on a pro rata share of federal Highway Trust Fund collections attributable to each state as a proportion of federal Highway Trust Fund revenues collected throughout the nation; no donor/donee relationship should exist. (3-21)

2. To ensure an equitable distribution of Flexible Highway Program apportionment by each state, Congress would specify that each state shall allocate in aggregate to non-state systems an amount of Flexible Highway Program apportionment equal to not less than their FY 1991 apportionment of urban funds, secondary funds, and bridge funds that was made available to non-state systems of the respective state. (3-17)

3. Matching ratios for the Flexible Highway Program should be determined at the state level, with care taken to ensure that rural needs are not overlooked or overshadowed by procedures or matching ratios which preference urban transportation-related goals. (3-23)

## THE AASHTO CATEGORICAL TRANSIT PROGRAM

I-Purpose: The purpose of the Categorical Transit Program is to fund capital needs for the nation's major public transportation systems (3-16).

II-Procedure:

1. The Categorical Transit Program would fund projects and programs which:

   Address major rehabilitation needs
   Address new systems and services (3-16)

2. A percentage of funds from the federal Categorical Transit Program would be set aside for meeting special needs like:

   Transit planning and research
   Elderly and handicapped transit (3-16)

3. Funding for the Categorical Transit Program would be provided through the Mass Transit Account of the Highway Trust Fund. This funding would consist of one-ninth of the current federal gasoline tax, one-fifteenth of the current federal diesel fuel tax, and one-third of the current alternative fuels tax (3-16).

4. The fiscal year 1989 funding allocation levels for rail modernization, new starts and bus capital expenditures from the federal fuel tax would be maintained and continued as discretionary grants under the Categorical Transit Program (3-17).

III-Federal Oversight:

1. The Categorical Transit Program should continue to be administered in a manner similar to that employed presently. Coordination will be required in the level of the modified federal role among the state transportation agencies, regional planning bodies and local governments, particularly in the case of urban transit systems, transportation planning and modal interlink projects (3-20).

2. A streamlined certification process would be used for projects developed under the Categorical Transit Program. Differences which exist between the certification of highway and transit projects would be retained at the federal level (3-22).

IV-Funding:

1. For the Categorical Transit Program, the federal share should remain at the current level of 75%. For new starts, or system extensions, funding priority should be given to projects providing a non-federal share higher than the minimum 25% (3-23).

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THE AASHTO FLEXIBLE STATE AND LOCAL TRANSIT PROGRAM

I-Purpose: The purpose of the Flexible State and Local Transit Program is to fund a range of capital and operating state and local transit needs with General Funds, and to fund a broadened range of capital projects with a portion of the Mass Transit Account revenues (3-17).

II-Procedure:

1. Funding under this program would be spent in addressing state and local transit needs, including:

   On-going operating assistance
   Rehabilitation needs
   New bus services
   Small urban and rural transit (3-17 to 3-18)

2. The above programs would continue to be funded from the General Funds of the U.S. Treasury, and apportioned in accordance with current law to designated transit recipients, which include local transit authorities for the large urban areas, and the states for small urban and rural areas (3-18).

3. A second component of the Flexible State and Local Transit Program would be funded from a portion of the Mass Transit Account. Under the AASHTO recommendation, all Mass Transit Account resources in excess of FY 1989 transit funding allocation levels would be distributed by a broad-based public transportation formula.

   For these Mass Transit Account formula funds, eligible projects would be broadened to permit funding for public transportation capital projects that serve to increase vehicle occupancy rates and enhance basic mobility as follows:

   Traffic signal improvements which provide priority treatment for transit and ridesharing vehicles;
   Exclusive high occupancy vehicle lanes;
   Transportation system management measures which provide priority treatment or improve operations for high occupancy and shared ride vehicles; and
   Commuter rail service capital improvements which include service between multiple urbanized areas within a single state (3-18).

4. Flexible transit funds would be administered as today, with the local transit authorities being the recipients for urban areas over 200,000 population, and the states being the recipients for small urban areas and rural areas (3-21).

FY 1989 funding allocation levels would be distributed 50% based on the current formulas, and 50% by total population (3-21).

III-Federal Oversight:

1. The states and/or transit funding recipients would be responsible for the certification of all projects receiving federal assistance (3-22).

2. Certification for projects developed under the Flexible Transit Program would not occur at the individual project level but at the statewide or local transit agency level, depending upon who was the recipient of the funding (3-22).

3. Each state or transit funding recipient would prepare an annual list of projects, using existing documents like the state construction program, the regional Transportation Improvement Programs and the local government project lists for prior approval at the federal level (3-22).

4. Annual progress reports covering the preceding year's achievements would be submitted at the same time and as part of the same document. In this manner, the Administration, the Congress and the Federal Government would be kept abreast of progress (3-22).

IV-Funding:

1. The matching ratio for capital projects under the Flexible Transit Program is proposed to remain at 80 percent federal/20 percent state/local (3-23).

EXHIBIT B

# *SURFACE TRANSPORTATION REAUTHORIZATION*

## RECOMMENDATIONS FROM THE AASHTO REPORT NEW TRANSPORTATION CONCEPTS FOR A NEW CENTURY

**OVERALL RECOMMENDATIONS:**

- New two-tiered federal programs for highways and transit: categorical and flexible
- Increased federal funding to meet established increased investment requirements.

  Highways: $17.6 B (FY 92) - $25.9 B (FY 95)

  Transit: $3.5 B (FY 92) - $5.0 B (FY 95) for transit capital, plus continuation of approximately $800 million annually for transit operating assistance from the general fund.

**HIGHWAY-SPECIFIC RECOMMENDATIONS:**

- Highway System of National Significance (HSNS) to include the Interstate system and a portion of the Principal Arterial System as redefined.
- Hold harmless (categorical) highway program funding, states assured of 1991 levels and equitable share of any future increases in funding.
- Release of obligation authority equal to apportionment balances in addition to regular apportionments.
- 50/50 highway funding split: categorical and flexible.
- 20 percent transferability between categorical and flexible programs.
- Revised highway apportionment formulas: (lane miles, VMT, other appropriate factors).
- Pro rata allocation of trust fund contributions for flexible program.
- Retain 85 percent MA and 1/2 percent minimum apportionment, (categorical program).
- Fund completion of remaining Interstate and Interstate substitution commitments.
- Continue discretionary bridge program: (up to 2 percent of total highway program).
- Permanent Highway Trust Fund, removed from unified budget.
- Matching ratios (New highway programs)
  * Categorical - 85 percent federal
  * Flexible - set by states

**PUBLIC TRANSPORTATION-SPECIFIC RECOMMENDATIONS:**

- Discretionary categorical transit grants.
- Current UMTA formula for flexible transit funding.
- Matching ratios (New transit programs)
  * Categorical - 75 percent federal
  * Flexible - 80 percent federal
- Mass transit account funding in excess of current funding levels (approximately $1.1 billion per year) would be distributed 50% by Section 9 formula and 50% by total population.

Prepared January, 1991

ADDITIONS TO THE RECORD

Testimony of David Burwell, President

Rails-to-Trails Conservancy

Before the Surface Transportation Subcommittee

House Public Works and Transportation Committee

on the Surface Transportation Assistance Act

March 19, 1991

Mr. Chairman, my name is David Burwell. I am President of the Rails-to-Trails Conservancy (RTC), a nationwide, non-profit membership organization that seeks to preserve the more than 150,000 miles of rail corridor that presently lay abandoned throughout our nation as trails and greenways, and for possible future rail use. We have more than 50,000 members in all 50 states and chapter offices in Pennsylvania, Ohio, Illinois, Michigan, Florida and Washington. As a nation we simply cannot afford to allow this existing system of transportation corridors, constructed at an enormous cost in lives and money (much of it public), to wither away from neglect. We urge you to address this important issue in this reauthorization bill.

I also appear on behalf of the Surface Transportation Policy Project (STPP), a broadly-based network of concerned organizations--including public agencies, non-profits, and private companies--involved in issues of transportation, energy, environment, planning, design and community preservation. RTC is one of more than 100 organizations participating in the STPP with the objective of ensuring federal support for attainment of such national transportation goals as energy security, environmental quality, a strong economy, and enhanced communities.[1]

For the last twenty years the Executive Branch of the federal government has repeatedly advanced proposals to turn back major portions of federal-aid transportation programs to state and local governments.[2] By and large, these proposals have met

[1] The Statement of Purpose of the STPP is attached as Appendix A.

[2] An excellent summary of these proposals is an article by Elizabeth Parker, Senior Policy Analyst in the Office of the Secretary of the U.S. Department of Transportation, entitled "Major Proposals to Restructure the Highway Program,"



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with little success in Congress due to (1) state and local opposition to shouldering more of the burden of these programs, and (2) the perception that a broad range of national interests require a strong and continuing federal role in the delivery of transportation services. While Congress has taken specific measures to expand the role of local elected officials in both transportation planning and funding decisions, federal oversight of this program has remained strong.

The Administration proposal before this committee is yet another attempt by the Executive Branch to sharply restrict the federal role in transportation. While containing some initiatives to promote better planning, flexible funding, system preservation, and operational improvements, these initiatives will be under the control of state highway agencies, most of which have demonstrated little historical interest in meeting the real transportation needs of congested urban areas and isolated rural areas. Meanwhile the costs of the system will fall disproportionately on regional and local governments. Mr. Chairman, you yourself have characterized the Administration proposal as "The Shift and the Shaft." We do not dispute this characterization.

In our view, the major failing in the Administration proposal is its unwarranted focus on building systems rather than improving performance. It defines the federal interest in transportation primarily in terms of one system--the National Highway System--and assigns almost 70% of all federal assistance to this one initiative. Under this program the amount of Interstate-Standard highways would quadruple--from 42,500 miles to somewhere between 150,000-160,000 miles, all tied together with new connectors, by-passes, and beltways. As for the rest of our transportation system, including urban and rural transit, maintenance of existing urban and rural systems, promotion of non-motorized modes and transportation demand management--that's where "the shift and the shaft" is applied.

We can--and must--do better. We need to enhance the liveability of our cities that must now watch helplessly as their tax base erodes in waves of suburban sprawl. A more sensitive and focused approach to transportation planning and funding is essential. Our national security interest in energy efficiency demands that more attention be paid to total transportation energy demand. Our national interest in environmental quality demands that more attention be paid to integrating transportation, clean air and land use planning, through an enhanced and accountable MPO process, to fight global warming, ozone destruction, air pollution, and habitat loss. And our

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Transportation Quarterly, Vol. 45, No. 1 (January 1991) at 55-66.

overriding national interest in economic competitiveness requires much more national attention to urban congestion, rural isolation, a commitment to inter-modalism, and the preservation of choice in consumer selection of transportation services.

These performance standards; (1) enhanced communities, (2) energy efficiency, (3) environmental quality, and (4) economic competitiveness--the "4E's,"--are the standards by which, in the judgment of the STPP participants, transportation programs must be measured.

But standards alone are not sufficient to tie national goals to transportation decisionmaking. Good planning is equally important. Some of the standards outlined above have objective criteria for measurement; such as clean air standards. Some, such as community enhancement, are inherently subjective. Therefore, more participation and accountability at the regional and local levels--where "the rubber meets the road" to use a modal metaphor--must be a cornerstone of the federal-aid transportation program.

Unfortunately, regional and local governments fare poorly in the Administration proposal in both (1) the funding of projects that meet their 4E needs, and (2) the planning function--the authority to tie project funding to specific national and community objectives. Specifically:

A. Highways

The Interstate Highway Program has its boosters and detractors, but one conclusion from a review of the 35-year history of the program is irrefutable: it has hurt central cities. In retrospect, we should have seen it. The new urban arterials constructed under the Interstate Program lead to the creation of "bedroom communities" circling our central cities. However, as suburban population grew, so did the demand for public services: schools, police, fire departments, sewers, streets etc.--far more demand than could be supported by the residential tax base. County governments did whatever was necessary to attract the commercial and retail activity needed to expand the tax base.[3] Enticed by new roads, underserved population centers, relaxed zoning laws and attractive public incentives packages, commerce and industry moved out of our central cities. Lewis Mumford's dire prediction in 1958 that the recently-enacted Highway Act of 1956 would result in "a tomb of

[3] One popular strategy is "fiscal zoning,"--zoning to maximize tax revenues, not create communities. Ironically, the land use with the capability of yielding the greatest total tax revenue per square foot is the automart--strip-zoned car dealerships and repair services.

concrete roads and ramps covering the dead corpse of the city" has been at least partially verified by experience.[4] A price has been paid.

The Administration's proposal to create a National Highway System (NHS), though superficially logical, is a bad idea. It will perpetuate and exacerbate the unforseen unhappy side effects of the Interstate System--tax base flight, suburban sprawl, urban blight and environmental degradation--while contributing little or nothing to reduced congestion, intermodalism, clean air or economic competiveness.[5] It's primary economic advantage will be to facilitate the movement of big trucks, a mode which already is subsidized at a level of at least 35% of the direct costs they impose on the system, while hurting rail freight.[6] It makes little sense to spend billions of dollars to shift freight transport from a highly under-utilized rail system to a highly-overutilized and subsidized highway system, particularly when the adverse social and environmental side effects are substantial.

The Administration appears to anticipate resistance to its highway-dominated proposal by promoting flexibility among programs. Under the Administration proposal you can switch rather than fight. But closer analysis reveals less of a shift and more of the shaft for regional and local governments. Of the total five-year highway authorization of $87.7 billion, some $65 billion is not transferable to transit. However, of the $16.3 billion allocated for transit, the majority is transferable to highways. And, with decision-making power over transfers resting primarily in state transportation agencies with little or no responsibility for transit you don't have to be a genius to figure out which way the money will flow. This is not a "level playing field" proposal.

Just how out of touch Administration funding priorities are with state and local needs is demonstrated by a study of state and local behavior when flexibility is provided in the use of federal highway funds. A good program to analyze such behavior

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[4] Mumford, Lewis, The Highway and the City, (Harcourt, Brace & World, Inc. 1963) at 238.

[5] A major justification for the NHS is that it carries 40% of total traffic on 3% of the total highway system. Yet, this is not the 3% that has the most significant congestion and air pollution problems. Indeed, construction of much of this system was initially justified on the ground that it would solve congestion and pollution problems created by non-Interstate highways.

[6] U.S. Department of Transportation, Federal Cost Allocation Study, May 1982.

is the Interstate Transfer Program which gave state and local governments the option of using funds for non-essential interstate segments on substitute highway or transit projects. Despite the fact that localities which chose transit often had to convince Congress to appropriate funds out of general revenues while substitute highway projects could be funded out of the Highway Trust Fund, of more than $12 billion in interstate transfer funds obligated through FY 1990, fully 48% went to transit programs.[7] Given this clear "market signal" in favor of transit from the recipients of federal transportation assistance, and the strong connection between national energy and environmental objectives and transit services, the sharp federal withdrawal from transit funding proposed by the Administration is a total mystery.

The Administration proposal to combine the Urban and Rural Programs into one pot under the control of state transportation agencies is also deficient:

First, at $22.2 billion over five years it is grossly underfunded. In addition, with reduced federal share of 60% the opportunity for state and local government to take advantage of this program is greatly reduced. The greatest share of federal transportation assistance should be assigned to this program for the simple reason that this is where the real problems are located.

Second, it is not clear that metropolitan and rural areas should be asked to compete for the same funds; their needs are different and they should each be given control over their own transportation destinies.

Third, more control over planning and project funding must be delegated by the states to the areas most directly affected.

Fourth, the program should provide clear incentives to take care of the existing system before funding new capacity. On this point the Administration bill does make some good suggestions. For example, it would require that urban areas over 200,000 prepare Congestion Management Plans (CMPs) and implement these plans before projects providing significant new capacity. It also qualifies operational improvements that manage total transportation demand for federal funding, and increases the federal match to 90% for operational improvements in the interstate system. Finally, it establishes a "Metropolitan and Rural Innovative Bonus Project" program in areas over 200,000 population or rural areas. This bonus program would increase the obligation ceiling for such projects if they addressed problems

[7] The figures through FY 1990 are $6.306 billion for highways, $5.923 billion for transit. See Appendix B.

of congestion or air quality. Our main objection is the limitations on eligibility contained in the bill. If reducing congestion, cleaning up the air, and increasing operational efficiency is a good idea, why not qualify all geographic areas for such programs?

B. Transit

Transit, including buses and paratransit services in rural areas, take a big hit in the Administration proposal. While there is a nominal increase of 3% in authorizations (from $3.2 Billion to $3.3 billion per year), the actual transit share of total federal surface transportation capital and operating assistance declines over the life of the program. Whereas in 1982 transit represented 30% of total federal surface transportation assistance, under the Administration proposal it falls to 17% in FY 1992 and further to 15% by FY 1996. Yet transit is the mode with the highest ability to promote national objectives such as clean air and energy security while unclogging our streets and arterial highways. It makes absolutely no sense to withdraw federal assistance from transit programs just when our national commitment to clean air and energy security takes a seat in the front rank of our national policy objectives.

More than 50% of all Americans now live in urban and suburban areas of greater than one million total population. Here is where the majority of our transportation needs--and transportation-related social and environmental problems--are located. A study of local transportation referenda in these areas reveals a sharply different funding profile than is offered by the Administration's proposal. In recent referenda in Houston, Dallas, Portland (Ore.), San Diego and San Francisco, the lowest amount of total revenues approved for transit was 33% in San Diego. In last June's statewide transportation referendum in California fully 45% of total receipts qualify for transit use.[8] The argument that these results demonstrate that transit is a local issue that will be supported by those who directly benefit is wrong-headed. It is in these same areas that the problems of congestion, air pollution, and lack of choice (economic efficiency) are greatest. The same people who are paying the highway taxes are voting for more transit.

Our concern over the Administration's proposed transit funding levels is magnified by it's proposed transit funding strategy. Under the Administration proposal all transit funding comes out of the mass transit account of the Highway and Mass

[8] Of the $16.5 billion 10-year program, $7.5 billion qualifies for transit use. In addition, referenda totalling $1 billion each for rail transit will be presented to the voters in 1992 and 1994.

Transit Trust Fund--not general revenues. Over the life of the administration's bill, the mass transit fund would be virtually exhausted. Yet the Administration proposal makes no provision to replenish that account to fund transit programs beyond FY 1996. We strongly urge the Committee to retain funding for the Section 9 formula grant program out of general revenues while retaining support for the transit program from the Trust Fund at the administration's proposed level of $16.318 billion over five years. In addition, we support increased funding for the rural and small urban programs and the elderly and handicapped program.

C. Planning

Planning is another big defect in the administration proposal. While the Administration bill qualifies all federal assistance to be used for planning, the decision to do so remains with the states--not the metropolitan areas that are in most need of planning funds. We recommend (1) that Metropolitan Planning (PL) assistance be increased from 0.5% to 1.5% of total apportionments, (2) that Highway Planning and Research (HPR) assistance be increased to 2.0% of total apportionments, and (3) that planning assistance for the transit program be increased to 2.5% of transit trust fund apportionments. Moreover, more control over planning funds must be delegated from the states to regional and local planning agencies.

But planning, to be effective, must be connected to project funding. It is not. Projects endorsed by regional Metropolitan Planning Organizations (MPOs) and included in their Transportation Improvement Plans (TIPs) are regularly ignored by state highway and transportation agencies in developing statewide funding priorities.

A study of state apportionments for all highway programs in comparison to actual obligations for FY 1987-FY1990 reveals how grossly regional and local needs are being ignored by the majority of state transportation agencies. For this four-year period actual obligations for the major programs--Interstate, Interstate 4R and Primary Programs--averaged 105% of program apportionments.[9] At the same time only 82% of Federal Aid Urban apportionments were obligated, and obligations under the Secondary (rural) program amounted to only 76% of total apportionments.

There is much talk in transportation circles about "freeing the highway trust fund," meaning that the federal government must draw down the unobligated balance in the fund by increasing total authorizations. Certainly, more funding for our deteriorating

[9] The actual figures are 118% for Interstate projects, 102% for Interstate 4R projects, and 96% for primary projects.

transportation infrastructure is needed. But, as that is done, equal concern must be given to assigning these funds where they are most needed. Presently, states are starving the cities and communities that need funds to deal with congestion, dirty air, lack of mobility, and deteriorating roads and bridges while overfeeding programs that increase capacity on the major arterial systems. Yet, as they do so, they simply generate more traffic, more pollution, and more deterioration of the urban and local support system.

This must stop. Cities and suburban communities must have more control over federal-aid transportation funding. It is at the regional and local levels that the primary responsibility for clean air, growth management, traffic management and system maintenance lies. Working together through a regional planning process that is both coordinated with local needs and accountable to local elected officials, cities and towns must be given more control over their transportation destiny through strengthened power to plan and select whatever transportation improvements are most needed for their communities. This means more money, more flexibility, and more accountability in the federal-aid program.

But this is not what is proposed. Instead, the Administration bill places control of urban and rural funds at the state level and delegates all environmental and other oversight responsibilities to these same agencies. States will be able to simply certify that they have done everything they can to avoid using parks, wildlife refuges, historic properties or wetlands for transportation projects with "minimal" (the term used by the Administration) supervision. Regional and local agencies that are under legal obligation to meet national clean air goals through improved transportation planning and funding must go--hat in hand--to state agencies for the necessary funding. This simply won't work.

D. Other Provisions

The STPP participants also wish to go on record in opposition to two finance-related provisions in the Administration bill:

First, 70% of the NHP apportionment formula and 100% of the urban/rural apportionment formula is based on fuel use: the more fuel consumed the greater the state apportionment. This is not the way to encourage energy conservation. A formula that provides incentives for fuel conservation while meeting the "85% rule" for redistribution of funds back to the states must be developed.

Second, with almost 40% of our highways and bridges in below-standard condition, and transit needs expanding far faster than our ability to finance these needs, the Administration's

proposal to eliminate five cents from the federal gas tax in FY 1996 makes no sense. As a nation we are not paying the full costs of transportation on a pay-as-we-go basis. We are consuming now and letting future generations pay the consequences in poor health, deteriorating infrastructure, polluted air, global warming, ozone destruction and many other externalized costs of transportation. We are also crippling our economy; witness the high productivity rates of countries that impose gas taxes in the area of $1.00-$2.00 per gallon. No reduction in the federal gas tax should be considered in this bill.[10]

While the STPP participants have many serious problems with the Administration Bill, we do want to give credit for action taken in two important areas: Billboards and Scenic Byways/Scenic Easements. The STPP participants support the Administration's proposal to defer to state law in the area of billboard control, and to qualify billboard removal for federal assistance. We also support qualification of scenic easements and development and improvement of scenic byways for federal funding. While the Administration bill proposes a special set aside for scenic byways out of the urban/rural program, we suggest applying this set aside requirement to total apportionments and qualifying a wide array of transportation enhancement activities for federal funding as well, such as:

--Scenic enhancements, including those authorized under existing section 319 (roadside facilities and wildflower program);
--demonstration projects to encourage design excellence in the construction, rehabilitation and use of transportation facilities;
--rehabilitation of historic transportation structures;
--preservation of abandoned rail corridors and their conversion to pedestrian, equestrian and bicycle trails;
--construction and maintenance of pedestrian and bicycle ways;
--archeological planning and research;
--acquisition of scenic, recreational and historic areas or easements; and
--control and removal of billboards;

In addition, we would prohibit the cutting of trees on federal-aid highways for the sole purpose of increasing billboard

[10] An excellent book on the benefits of gas taxes is Gas Tax Advantages by Dr. Ernest J. Oppenheimer, Ph.D. (Pen & Podium Press, 1986). A list of 15 reasons to increase gas taxes summarized by Dr. Oppenheimer is attached as Appendix C. We encourage this committee to give close study to the gas tax issue.

visibility.

Finally, I would like to end by putting on my Rails-to-Trails Conservancy hat and address the problem I outlined in the outset of my testimony: preservation of our national system of unused rail corridors. It would be a national tragedy if we let this system dissappear just at the time that the value of preserving existing transportation corridors intact is increasingly obvious. The Admininstration proposal does provide for 100% federal funding for bicycle and pedestrian trails under Title 23 in conjunction with highway rights-of-way. We request three improvements to encourage the preservation of our built rail system for trails, and for possible reconversion to rail use:

First, add the phrase "or unused railroad rights-of-way" as eligble for Title 23 funding. This would make it clear that any rail-trail project qualifies for funding under Title 23 as long as it serves a transportation purpose.

Second, we ask that Section 203(d) of Title I, which requires states acquiring a right-of-way to actually build a highway within 20 years or reimburse the federal government for its share of the cost, be amended to provide that states acquiring abandoned railroad corridors for future transportation uses can "railbank" them indefinitely as trails. This would give states an incentive to acquire abandoned rail corridors under Title 23 without fear of this penalty.

Third, we request that Section 303(j) of Title I be amended to delete the word "major" in the description of non-motorized transportation routes that could not be severed by a Title 23 project without providing a reasonable alternative route. We also ask that this sentence be amended to clarify that underpasses or overpasses shall be included in the project at the request of the non-motorized trail manager, and shall be eligible for federal assistance at the 100% federal rate provided for other bicycle and pedestrian facilities under Section 314 of Chapter 3 (Section 106), Title I.

That concludes my remarks. The STPP continues to study the Administration bill and will prepare its own proposal for restructuring the Surface Transportation Assistance Program in the near future. Thank you.

# SURFACE TRANSPORTATION POLICY PROJECT

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## Statement of Purpose

A healthy transportation system is vital to our national health, no less than a healthy circulatory system is vital to our personal health. A strong, balanced, and inter-connected system of rail, highway, transit, air, water, bicycle and pedestrian facilities supports a strong, balanced and efficient domestic economy while also improving our ability to compete in international markets. Transportation stands in the front rank of issues requiring focused and informed national debate.

Unfortunately, national transportation policy is rarely discussed in the public arena. It gains attention only when gas taxes go up, a bridge collapses, a train derails or congestion becomes unbearable. Basic principles aren't addressed: only the immediate problem. The recent policy review conducted by the U.S. Secretary of Transportation, entitled "Moving America," is a welcome first step in framing the much needed transportation debate. However, it fails to address the basic question: "What is our essential transportation mission?" Not since 1956, when Congress declared the construction of a 42,500-mile interstate and defense highway system as a national mission, has this fundamental question been posed.

The interstate system is now more than 99% complete. It is time, again, to take stock of our national transportation mission. Unless a new, clear federal role in the delivery of transportation services is identified no continued federal-aid program for surface transportation is justified. The scheduled reauthorization of the Surface Transportation Act (STAA) in 1991 adds urgency to this policy.

The STPP believes that a strong continued federal role in transportation is both justified and vital to our national interests. The time has arrived for broad public debate on national transportation policy. The purpose of the Surface Transportation Policy Project (STPP) is (1) to help frame this debate by stating some general principles that, in our judgment, should drive federal transportation policy, (2) to offer some specific program proposals consistent with these principles, (3) to assemble a broad coalition of transportation consumers and providers around these proposals, and (4) to inform public and private debate on national transportation policy. The STPP encourages the participation of every concerned citizen and organization in this effort.

## What is the STPP?

The STPP is a network of organizations and coalitions seeking to make national transportation policy more responsive to people and to better serve the economic, social, and environmental interests of the nation.

Participation is diverse, including both public and private organizations whose primary interests include transportation investment and policy, environmental quality, energy policy, natural resource conservation, design quality, neighborhood and historic preservation, planning, transportation safety and economic efficiency.

The goal of the STPP is to assure that federal support for transportation promotes the attainment of specific national goals. These goals vastly exceed the relatively narrow modal funding objectives reflected in present transportation policy and include national security, clean air, economic competitiveness, energy and resource conservation, minimizing the contribution of transportation to global warming and ozone depletion, safety and enhancement of the quality of life in our neighborhoods and communities.

The STPP particularly encourages the participation of existing coalitions in its efforts. It recognizes that transportation services support many needed state, local and private programs and projects as well as national goals. The STPP acknowledges the importance of these objectives. Its sole goal is to identify the common principles underlying these individual objectives and to frame public debate on these principles so that truly national interests are served.

## General Principles

The STPP was formed in the Fall of 1990 and adopted a process for reaching agreement on common principles for public action in transportation. Particular concern was taken to ensure

that these principles were short, few in number, easily understandable, and advanced specific national objectives. While many special interests with significant national ramifications were identified, every effort was made to frame these interests in the context of national policy. From these principles will emerge, it is hoped, broad consensus on the future mission of our national surface transportation program.

These principles are as follows:

Transportation should strengthen national and international economic competitiveness. The most significant transportation-related threat to our national economy and our ability to compete in international markets, besides reliance on imported oil, is congestion. Transportation consumers presently spend almost 1.5 billion hours each year stuck in traffic, and that figure is estimated by the U.S. General Accounting Office to increase to over 4.0 billion early in the 21st century. Congestion means lower productivity. Efficiency improvements that strengthen inter-modal linkages (air, water, truck and rail on the freight side; auto, transit, bicycle and pedestrian access on the passenger side) deserve priority for new investment. Measures that restrain demand (measured in vehicle miles travelled or VMTs) to available system capacity through such technologies as road pricing and fuel taxes, and encourage modal shifts from over-utilized (highway) to under-utilized (rail, transit, bicycle) modes, also deserve priority. Capacity increases, where needed, should be prioritized on a "least life-cycle cost" basis.

Transportation should strengthen, not jeopardize, national security. Approximately 63% of present domestic oil consumption is spent on transportation, 72% if the energy costs of building and maintaining our transportation infrastructure are included. More than 50% of domestic oil consumption is imported. National transportation policy demands debate on the question "At what point does reliance on inherently unstable sources of imported oil jeopardize national security?"

Transportation must be sustainable. Transportation is now depleting two non-renewable resources: fossil fuels and land. Approximately 98% of our public and private transportation fleet is presently propelled by fossil fuels. In fifty years few, if any, motor vehicles will operate exclusively on fossil fuels. The United States should lead, not follow, the transition to new fuel technologies. Equally important, transportation infrastructure is consuming land at an enormous rate. Over 40% of the land mass in several of our major cities is devoted to streets and parking lots. Sprawl development patterns, driven by transportation investments, are devouring our suburban and rural areas. Transportation and land planning must be integrated at the regional and local levels to develop balanced, sustainable transportation systems.

Transportation services must promote, not inhibit, clean air goals. While tailpipe emission controls have lowered pollution from cars and trucks, increases in total driving (VMT) have overwhelmed these improvements, particularly in congested urban areas. Achievement of national clean air goals requires a significant shift to non-polluting modes, plus a cap on VMT growth.

Transportation should enhance the quality of life. In addition to national goals, community-based goals such as access to jobs and housing, safety, community and neighborhood revitalization, aesthetics, protection of natural, cultural, and historic sites, and access to public transportation for all people are important transportation goals in both urban and rural areas. Regional transportation planning agencies presently lack the funds, and the authority, to both articulate and implement regional quality of life goals. A new balance needs to be struck among state, local, and regional interests to ensure public support for these goals and strategies and for their implementation.

Federal transportation investments should advance explicit national interests. Investments that do not further such interest should be eliminated. Transportation should not be a revenue-sharing program where the federal government acts only as a cashbox, taking funds in through motor fuel and excise taxes and subsidizing federal-aid projects for no particular federal purpose. A clear federal mission is required. A system of accounts should be developed that measures these public benefits and public costs of federal-aid transportation investments measured in both dollars and deferred maintenance, pollution, destruction of habitat, contribution to global warming and ozone depletion, contribution to global warming and ozone depletion, generation of hazardous wastes, health costs, police and security costs, and other presently externalized costs of transportation service delivery. If benefits to the nation fail to exceed the costs of these subsidies, no federal participation is justified.

## Conclusion

The STPP will support all efforts to focus public debate on the above-stated principles as transportation policy becomes an increasingly compelling issue of public concern. Activities will include research, briefings, workshops, discussion groups, and other efforts to inform public and private decision-makers at all levels of government of the importance of transportation in the shaping of our nation's future.

The STPP invites the participation of all organizations willing to subscribe to the above-stated principles. Please contact the STPP office for further information on these principles and our program.

February 8, 1991

The work of the Surface Transportation Policy Project is made possible by grants from the Nathan Cummings Foundation, the Joyce Foundation, the James C. Penney Foundation, Inc., The Pew Charitable Trusts and the Surdna Foundation, Inc.

U.S. Department of Transportation
Federal Highway Administration

# Memorandum

Appendix B

Washington, D.C. 20590

Subject: Status of Interstate System Withdrawals and Substitution Under 23 U.S.C. 103(e)(4) as of September 30, 1990

Date: DEC 18 1990

From: Chief, Federal-Aid and Design Division

Reply to Attn of: HNG-13

To: Regional Federal Highway Administrators

Two summaries of information through September 30, 1990, relating to Interstate System withdrawals and substitution under 23 U.S.C. 103(e)(4) are attached for your information. The first listing is a summary of withdrawal actions to date. The second listing summarizes, for each withdrawal area, the base costs, the withdrawal values after deducting obligations, the amounts obligated for substitute mass transit and highway projects, and the total amounts made available.

A column, entitled "Reserved Transit Amount," is included in the second listing. This column represents the additional transit withdrawal value distributed in accordance with Section 103(c) of Public Law (PL) 100-17. The additional $100 million was distributed using apportionment factors contained in revised Table 4 of House Committee Print 100-2. This additional withdrawal value is considered to be reserved for transit obligations. Accordingly, transit obligations after the date of enactment of PL 100-17 (April 2, 1987) will be continually deducted from the reserve column until that column is depleted.

Copies of the status report have been sent directly to all FHWA Division Offices for States with approved withdrawals. The summaries are mailed to you on a quarterly basis. Please contact the Interstate and Program Support Branch, Federal-Aid and Design Division, if you find discrepancies between the Headquarters' records and your records.

L. A. Staron

Attachments

Interstate Substitution Funding Under 23 U.S.C. 103(e)(4), As of 9/30/90

| State (Withdrawal Area) | Base Costs | Value After Deducting Obligations: Reserved Transit Account | Value After Deducting Obligations: Withdrawal Value | Value After Deducting Obligations: Total | Substitute Project Obligations: Highway | Substitute Project Obligations: Mass Transit | Total Amounts Being Made Available |
|---|---|---|---|---|---|---|---|
| Arizona (Tucson) | 29,163,101 | 0 | 0 | 0 | 67,561,359 | 1,133,883 | 68,695,242 |
| California (Sacramento) | 57,737,509 | 0 | 329,619 | 329,619 | 0 | 96,082,042 | 96,411,661 |
| California (San Francisco) | 54,262,208 | 4,700,246 | 82,696,546 | 87,396,792 | 5,411,675 | 3,593,097 | 96,401,464 |
| Colorado (Denver) | 153,229,348 | 0 | 82,330 | 82,330 | 245,379,231 | 18,368,433 | 263,829,994 |
| Connecticut (Bolton to Killingly) | 344,616,300 | 25,000 | 277,527,273 | 277,552,273 | 127,211,523 | 142,715 | 404,906,511 |
| Connecticut (Hartford-New Britain) | 336,158,100 | 0 | 126,788,908 | 126,788,908 | 484,798,706 | 45,175,225 | 656,753,939 |
| District of Columbia (Washington) | 1,470,723,700 | 354,000 | 54,554,304 | 54,954,304 | 179,329,833 | 1,963,470,491 | 2,197,659,829 |
| Georgia (Atlanta) | 96,361,200 | 0 | 31,456,804 | 31,456,804 | 81,125,840 | 0 | 112,582,644 |
| Illinois (Chicago) | 1,484,370,200 | 0 | 113,645,782 | 113,645,782 | 1,815,944,972 | 847,359,142 | 2,576,948,996 |
| Indiana (Indianapolis) | 52,558,200 | 0 | 15,351,421 | 15,351,421 | 57,226,896 | 15,905,332 | 87,583,649 |
| Iowa (Waterloo) | 189,158,400 | 622,020 | 67,937,622 | 68,559,642 | 245,806,263 | 1,383,144 | 315,749,048 |
| Maryland (Baltimore) | 868,409,100 | 0 | 239,288,047 | 239,288,047 | 479,793,761 | 328,642,413 | 1,047,724,221 |
| Maryland (Bowie to Killersville) | 89,083,700 | 0 | 45,647,343 | 45,647,343 | 48,160,267 | 0 | 93,807,610 |
| Maryland (Washington) | 77,237,100 | 0 | 6,034,125 | 6,034,125 | 3,220,705 | 146,169,280 | 154,434,110 |
| Massachusetts (Boston) | 637,708,900 | 0 | 32,334,767 | 32,334,767 | 64,384,678 | 1,441,403,939 | 1,538,023,385 |
| Massachusetts (Fall River to Providence) | 12,183,300 | 0 | 3,781,250 | 3,781,250 | 10,051,956 | 450,031 | 14,283,237 |
| Minnesota (Duluth) | 44,672,400 | 0 | 693,121 | 693,121 | 67,482,536 | 6,342,000 | 74,517,657 |
| Minnesota (Minneapolis-St. Paul) | 71,163,900 | 0 | 5,111,404 | 5,111,404 | 113,986,445 | 2,000,814 | 121,980,663 |
| Nebraska (Omaha) | 47,022,300 | 0 | 0 | 0 | 76,269,087 | 1,999,999 | 78,269,086 |
| New Jersey (New York City) | 108,716,400 | 0 | 15,087,779 | 15,087,779 | 76,529,256 | 92,210,092 | 184,637,107 |
| New Jersey (New York City to Trenton) | 210,881,700 | 0 | 124,920,533 | 124,920,533 | 101,134,794 | 20,489,198 | 246,544,525 |
| New Jersey (Philadelphia) | 11,336,700 | 0 | 0 | 0 | 95,940,661 | 22,800,000 | 118,740,661 |
| New York (Albany) | 35,178,300 | 0 | 137,107 | 137,107 | 52,963,581 | 6,140,876 | 59,241,564 |
| New York (New York City) | 1,726,695,000 | 0 | 965,023,677 | 965,023,677 | 670,330,553 | 240,902,118 | 1,876,246,788 |
| Ohio (Cleveland) | 147,860,100 | 0 | 48,004,881 | 48,004,881 | 180,381,728 | 34,515,400 | 262,912,003 |
| Oregon (Portland) | 260,437,101 | 16,822,393 | 42,635,115 | 59,457,508 | 306,773,882 | 151,519,057 | 517,750,427 |
| Oregon (Salem) | 32,488,773 | 0 | 0 | 0 | 56,844,885 | 0 | 56,844,885 |
| Pennsylvania (Philadelphia) | 230,139,000 | 0 | 1,551,455 | 1,551,455 | 133,891,441 | 344,894,436 | 480,137,331 |
| Pennsylvania (Pittsburgh) | 39,549,600 | 0 | 1,149,428 | 1,149,428 | 64,827,377 | 0 | 65,976,803 |
| Rhode Island (Providence) | 591,042,600 | 0 | 225,336,217 | 225,336,217 | 403,323,174 | 18,021,320 | 647,280,711 |
| Tennessee (Memphis) | 171,828,100 | 0 | 110,221,906 | 110,221,906 | 156,681,990 | 39,590,467 | 307,503,363 |
| Virginia (Washington) | 58,239,900 | 0 | 0 | 0 | 26,449,562 | 51,725,056 | 78,174,638 |
| TOTAL | 9,770,933,320 | 22,563,659 | 2,630,133,861 | 2,652,697,520 | 6,300,838,328 | 5,923,832,950 | 14,882,568,792 |

NOTES:

1. All amounts are in Federal funds.
2. The "Base Costs" column represents the cost of the withdrawn routes as they were reported in the Estimate applicable to the specific action.
3. Remaining withdrawal values were computed in accordance with 23 U.S.C. 103(e)(4), as amended by Section 107(c) of the 1982 STAA.
4. The "Total Amounts Being Made Available" column is the sum of the "Total" column plus obligations through the current quarter.
5. The "Reserved Transit Amount" column represents the additional transit withdrawal value added by Section 103(c) of Pub. L. 100-17. The column also includes, in Portland, $16,300,223 made available by the withdrawal of eligible Interstate lanes under Section 142 of the 1987 STURAA. Transit obligations after April 2, 1987, are deducted from this column first to assure these portions of withdrawal values are used for transit purposes. Obligations used towards the Portland substitute project associated with the Section 142 withdrawal will be deducted from Portland's "Reserved Transit Amount."
6. Project substitute obligation figures reflect net obligations to date, that is, total obligations less total deobligations.

\$10.00

## Gasoline Tax Advantages

by Ernest J. Oppenheimer, Ph.D.

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- ☑ Serves the best interests of Americans

**Ernest J. Oppenheimer, Ph.D.**

responsible for the federal deficit. The president can blame the congress, the congress can blame the president, the Democrats can blame the Republicans, the Republicans can blame the Democrats, oil patch representatives can blame rust belt representatives, rust belt representatives can blame farm state senators. Each elected politician can promise to deliver to his district what it would most desire, fail to deliver on the promise in Washington, yet get re-elected on the grounds that he is working hard to get the rest of Washington to see the wisdom of his platform. Failure and unrealistic promises are seldom punished.

Part of the problem lies with an administration that does not believe that a big federal deficit or a big trade deficit is a problem. In their view given time the market will by itself cure the trade deficit (lending will eventually stop, the dollar will go down, and American exports will expand while imports fall) and the large federal deficit has not led to a disaster (the crowding out so confidently predicted by the critics in early 1981 has not occurred). What this analysis ignores is the nature of the problems created by the trade and federal budget deficits. Neither produces a crisis; both produce a long run hemorrhaging of economic potential.

Federal budget deficits represent negative savings. Funds that could otherwise be used for investment have to be borrowed to finance public consumption. As long as this money can be borrowed from abroad there is no immediate crowding out of investment. What there is is a growing international indebtedness that will at some point in the future lead to a reduction in the American standard of living. Every $40 billion owed to the rest of the world in annual interest payments means one percent less of the GNP available to be divided among Americans. Problems may be serious without being crises.

The economic case for a gasoline tax is clear and made even clearer by Ernest Oppenheimer. The question then becomes how can Americans be made to clearly see that their long run self interest is served by imposing a gasoline tax upon themselves?



## Summary

Unsound government policies in relation to energy, taxes, and budgets have undermined the U.S. economy. Currently, the nation's wealth is being dissipated to pay for budget deficits and foreign trade imbalances totaling more than $1 billion a day. To rectify this alarming situation, it is recommended that the federal gasoline tax be increased by 25 cents a year until it reaches $1 per gallon, a level similar to that prevailing in other industrial countries.

The gasoline tax would have the following advantages:

**(1) It would strengthen energy security.** The more than 130 million automobiles registered in the U.S. consume over 6.5 million barrels of gasoline each day. It is estimated that the proposed gasoline tax would gradually reduce consumption by one million barrels a day, thereby lessening dependence on oil imports.

**(2) It would reduce federal budget deficits.** Over a ten year period following enactment of the tax, the U.S. Treasury would collect an estimated $750 billion. Most of these funds would reduce federal budget deficits.

**(3) It would lower interest costs.** The sharp reduction in federal borrowing requirements which would follow in the wake of the gasoline tax would have a salutary effect on interest rates. It is estimated that interest costs would drop by about two full percentage points. Interest savings by all borrowers would eventually reach $160 billion annually on the $8 trillion total debts outstanding. The federal government alone would save about $40 billion a year on interest payments, thereby further reducing budget deficits.

**(4) It would improve the U.S. foreign trade balance.** The U.S. competitive position in the international marketplace has been handicapped by excessive business taxes and interest costs. Major competitors, such as West Germany and Japan, rely heavily on consumption taxes, notably on gasoline, to reduce budget deficits, interest rates, and taxes on business. The U.S. would be well advised to emulate these policies. The gasoline tax would be an important step



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in the right direction.

(5) **It would boost the automobile business.** The gasoline tax would provide strong incentives for millions of car owners to switch to fuel-efficient vehicles. To meet this demand, the automobile industry would be operating at full capacity for years to come. Suppliers to automobile manufacturers, such as producers of steel, aluminum, plastics, chemicals, tires and electrical equipment would also enjoy increased business.

(6) **It would stimulate the natural gas industry.** Lower interest costs would benefit all capital-intensive industries, including natural gas producers, pipelines, and utilities. The natural gas industry would also gain from increased demand by industrial customers. Compressed natural gas (CNG), which should be exempt from fuel taxes, would find increased acceptance as a vehicular fuel. This development would stimulate demand for domestically produced natural gas.

(7) **It would assist domestic petroleum producers.** The comments that were made about natural gas also apply to petroleum producers, who produce both oil and natural gas. Any stimulation in demand for natural gas will boost the income of domestic petroleum producers. Lower interest costs would be helpful to oil companies, which depend heavily on borrowed funds. Finally, some of the proceeds from the gasoline tax could be utilized to put a realistic floor under domestic oil prices and/or to expand the Strategic Petroleum Reserve to include domestic oil resources for future use.

(8) **It would create more jobs.** The improved competitiveness of U.S. industry, the increased demand for fuel-efficient vehicles, and the stronger markets for domestic energy, notably natural gas, would create many new job opportunities. It is noteworthy that these jobs would be primarily in the manufacturing and energy sectors, which have hitherto been the most depressed.

(9) **It would provide for fairness to the poor.** It is estimated that at least 25 million automobiles are owned by individuals who are economically disadvantaged. Most of these vehicles are old gas-guzzlers, which average less than ten miles to the gallon. Some of the proceeds from the gasoline tax should be utilized to enable the poor to acquire more fuel-efficient vehicles. This recycling procedure would enable the poor to cope with higher gasoline taxes without creating a burden on society as a whole.

(10) **It would restore soundness to the U.S. economy.** In recent years the U.S. economy has been beset by a host of interrelated problems, including $200 billion federal budget deficits, $150 billion foreign trade imbalances, the unsolved energy problem, inadequate savings/investments to nourish the private sector, high interest rates, and chronic weakness in manufacturing and employment. All of these problems would be reduced by the gasoline tax.

(11) **It would help clean the environment.** In most urban areas, vehicular emissions are the largest source of air pollution. By providing financial incentives for reducing gasoline consumption, the tax would have a beneficial impact on the environment.

(12) **It would avoid the pitfalls of the oil import tax.** An oil import tax is a disguised price support scheme. It would raise domestic energy prices by the amount of the tax. It would be unfair to consumers. It would be inflationary and raise interest costs. It would undermine U.S. competitiveness in the international marketplace. It would jeopardize U.S. relations with oil producing countries. All of these problems could be avoided with the gasoline tax.

(13) **It would excel all other government policy options.** The gasoline tax is the only policy option that has a positive impact on federal budget deficits, foreign trade imbalances, the energy problem, and the general economy. No other policy option has a positive effect on more than two of these four variables.

(14) **It would foster statesmanship in policy making.** Hitherto, U.S. energy policy has been dominated by interest groups who placed their selfish objectives above the national interest. This orientation has led to harmful consequences

for the nation. The gasoline tax would place the national interest ahead of all other considerations, thereby restoring statesmanship to its proper place in policy making.

(15) It would serve the best interests of the American people. Wrong energy policies have cost the American people more than $1 trillion since 1973, without giving them fair value in return. In contrast, the gasoline tax would generate multiple benefits. This tax would have a positive multiplier effect that would produce several dollars of benefits for each dollar of cost. The gasoline tax makes good economic sense.



## Preface

I have spent the past seven years doing research on the energy problem. My studies have convinced me that the U.S. government has failed to deal realistically with this important issue. Wrong government policies concerning energy and related matters have brought this nation to the brink of financial disaster. The time to implement corrective action is long overdue.

The most important single step in the right direction is to impose a substantial tax on gasoline. Such a tax would improve energy security, reduce federal budget deficits, lower interest rates, strengthed U.S. competitiveness in the marketplace, and stimulate the economy. Each dollar of gasoline tax would generate an estimated three dollars of tangible benefits to the nation. No other policy option would accomplish so much good on such a favorable basis. The case for the gasoline tax is supported by the experience of countries in Western Europe and Japan, which levy more than $1.25 per gallon, compared with nine cents collected by the U.S. Treasury.

It is hoped that this book will provide the readers with a sound perspective on the gasoline tax, including obstacles that must be overcome to implement this policy. I want to appeal to those who find the book of value to share the information with others. You can play a most valuable role in the educational effort that is essential for proper understanding and action. It would be very helpful if you passed copies of the book along to your friends and contacts, as well as to your representatives in government. To facilitate this effort, the publisher will make the book available at generous quantity discounts. In addition, special bonus offers await quantity purchasers. For details, please see the back of the book.

Ernest J. Oppenheimer
November 1986



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# PORTLAND CEMENT ASSOCIATION

# STATEMENT

# ON THE

# REAUTHORIZATION

# OF THE

# FEDERAL-AID HIGHWAY PROGRAM

## TO THE SUBCOMMITTEE ON SURFACE TRANSPORTATION

## COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

## U.S. HOUSE OF REPRESENTATIVES

March 18, 1991

Portland Cement Asssociation
1620 Eye Street, N.W.
Suite 520
Washington, D.C. 20006

45-155 O—91——15

## EXECUTIVE SUMMARY

### The Federal Role

The federal role in highway transportation must continue in partnership with the states, concentrating on programs that are national in scope, particularly where there is need to raise revenues to assist in planning and construction.

### Highway Investment

While there is a need to balance the federal budget, Congress should not withhold needed highway funding in the name of deficit reduction. PCA recommends that the Highway Trust Fund be removed from the unified budget (which limits obligations), and that balances in the fund be drawn down to finance much needed highway construction and repair.

### Alternative Fuels

PCA supports the use of alternative fuels to improve the environment or to reduce reliance on imported oil. The concern is with the negative impact on the Highway Trust Fund of subsidies for gasohol, which amount to 6 cents of the present 9-cent federal gasoline tax. The exemption should be eliminated.

### Highway Design and Durability

Pavement loads and traffic volume have increased, and highways wear out faster than they can be maintained. Most highway departments select materials based on a least-cost-estimate, a concept that often can result in shortened pavement life and lead to premature reconstruction. Substantially stronger pavements are needed to minimize costs to highway agencies and users. PCA supports a proper life-cycle costing analysis that compares material costs over the life of the project.

### Expansion of the System

PCA supports the proposal by the American Association of State Highway and Transportation Officials to designate the Interstate and portions of the Primary System as Highways of National Significance as a means to add capacity. Also, as the planning for the Interstate System was done in the 1950's, demographic shifts mandate a review of the existing system with the view of adding additional mileage. PCA also recommends that additional lanes be constructed to accommodate increased truck and passenger vehicle traffic.

### National Truck Route

Truck traffic is expected to grow twice as fast over the next decade. Now is the time to plan for this increase. PCA urges Congress to examine the feasibility of constructing a national truck route.

Innovative Technology

Present law does not address the use of innovative technology in the area of highway design, materials, products, or methods. Nor does it provide incentives for the states to promote innovative ideas. PCA recommends that Congress authorize a 5% increase in the federal share of a project's cost if it includes innovative technology with the potential to improve or eliminate pavement failures, preserve or extend the service life of highways and bridges, and enhance highway safety.

Toll Road Construction

With a growing need to expand the capacity of the highway system, toll roads are an effective means of pay-as-you-go financing for highway improvements. PCA recommends expanding the present test program to use federal funds for toll road construction.

## INTRODUCTION

The Portland Cement Association (PCA) welcomes the opportunity to discuss our nation's transportation needs as the Subcommittee on Surface Transportation undertakes the important task of reauthorizing the Federal Aid Highway Program. PCA is a trade association of North American cement manufacturers, representing approximately 80% of domestic production capacity. It carries out extensive programs of basic and applied research, market development and promotion, education, public relations and government affairs on behalf of its member companies.

An efficient national highway system is essential to our economic well-being. The nation's business sector depends on an effective, well-maintained transportation system for the distribution of raw materials and manufactured goods. Needs have been identified, and studies and recommendations have been completed in both the public and private sectors. Congress must now act decisively to maintain a strong federal role in developing and maintaining our nation's transportation infrastructure.

## THE FEDERAL ROLE

Our highway system has largely been the province of Congress, which has a constitutional mandate to provide for the movement of interstate commerce and for the national defense. Congress has met that obligation through a dedicated investment in a network of interstate highways which is now in place and virtually complete. However, because of the emphasis on the Interstate System, other categories of highways have not received adequate attention. The National Transportation Strategy addresses this shortcoming by calling for greater management and fiscal responsibility at the state and local level. We disagree with this proposal. Because the federal contribution to the highway system has been dropping steadily since 1987, the states have already been absorbing the shortfall. In 1988, states contributed 50 percent and local governments contributed 28 percent. The federal share dwindled to about 22 percent. This includes reduced levels of authorization and ceiling obligations and the withholding of user fees collected to finance the highway program as a means to offset the deficit.

Local governments are taking the initiative to design, finance and construct their own systems, due mainly to reduced federal aid, burdensome bureaucratic requirements, and the need to construct the projects quickly. Many state and local governments are aggressively supporting economic development, which includes improvement of local transportation facilities. Such programs cannot continue indefinitely, as local funds for improvements are exhausted, and federal trust funds are held hostage in the name of deficit reduction.

Although state and local government action is commendable, a federal interest must continue in programs that are national in scope, particularly in raising revenues to assist in planning and construction. National goals should be defined and established in a continuing partnership with state and local governments, rather than by shifting the burden to them.

Studies by both private and governmental agencies show that portions of the Interstate and the Primary Systems have reached the end of their design life and must be replaced. Urban congestion, deteriorating and inadequate bridges, and the need for additional capacity requires continued federal investment. Although the federal share is small compared with total outlays, it provides the impetus for states to initiate improvement projects and is essential for maintaining and improving our nation's international competitiveness and quality of life.

## HIGHWAY INVESTMENT

### Deficit Reduction

We understand and appreciate the need to reduce the federal deficit. But withholding user fees earmarked for transportation is not the answer. Under present accounting methods, the true deficit is masked when the Treasury borrows from one account to pay another. In the case of the Highway Trust Fund, such borrowing must be repaid with interest, compounding the problem.

Because the highway program is linked to the overall budget, methods have been devised to reduce the levels of obligations. The Congressional Budget Office, in its 1990 budget projections, suggests that nearly $9 billion can be saved (deficit reduction) by "holding new spending authority to the level of tax revenues [about $14 billion annually] and by reducing budget authority and [the use of] obligation ceilings between the period 1991 and 1995." This scenario provides for "business as usual." However, CBO expressed a caveat with which the Portland Cement Association agrees. It is:

> "Arguments for maintaining the current program are that more could be spent to maintain highways in good condition and that highway rebuilding projects have high economic benefits. Reducing federal aid for rebuilding might induce states to spend less on maintaining highways. Such reductions might also lead states to redirect spending away from the main routes of interstate commerce, thus undermining the national benefits from highway investments of the past 30 years."

The highway program is different from other federally aided programs in that it requires no appropriations upon authorization. Once the authorized amount is apportioned, the states may proceed immediately to contract projects. The Secretary of Transportation merely obligates the federal government to pay its share of the costs, which may not occur for several years. Limiting expenditures in the name of deficit reduction only plays havoc with planning and construction.

### Highway Trust Fund Off Budget

The Portland Cement Association believes the federal government should renew its commitment to a strong national highway transportation program and regain the nation's trust by eliminating the practice of double entry bookkeeping in order to give the appearance of reducing the deficit. PCA recommends that the Highway Trust Fund be made permanent, and that the highway program be removed from the unified budget to allow those balances to be used for needed construction or improvements as provided for by law. Gasoline and other highway related taxes are user fees which should be dedicated solely to highway improvements.

Highway Trust Fund Draw-down

The Administration has suggested that a draw-down on the trust fund be accomplished over a period of time, "in a fiscally responsible way." PCA agrees, but believes a draw-down can be immediately implemented without creating a fiscal crisis. Even with current obligations against the fund, the balance could be drawn down at a minimum level of $3 billion annually over the next four years, beginning with Fiscal Year 1992. This would allow the present authorization level of $14 billion to be raised to a minimum of $17 billion annually. According to the General Accounting Office, the trust fund balance at the end of the fund life will exceed the outstanding commitments by about $6.4 billion, thus providing a $3 billion cushion.

Alternative Fuels

The Portland Cement Association supports the use of alternate fuels as a means to improve the environment and reduce our reliance on imported oil. The major concern is with the serious impact on the Highway Trust Fund of a fuel that enjoys an exemption from user fees that could be used to rebuild or repair our highway system. Presently, gasohol is exempt from six of the nine cents of the federal motor fuel tax. This results in a $500 million loss to the Highway Trust Fund which could balloon to $1.5 billion under pending clean air legislation.

In our view, the exemption for oxygeneated fuels should be eliminated since the rationale for user fees is that those who use the highways must share the responsibility to construct and maintain them. If a subsidy is required to encourage manufacture of alternative fuels, it should be charged to general revenues.

Highway Design and Durability

Although the United States has the best highway system in the world, more than 60 percent of the miles of paved roads need some form of surface rehabilitation. When the Interstate System was initiated, it was designed for a twenty-year life. Now, 30 years later, sections have long outlived their design life.

A major issue to be addressed in the rehabilitation of the highway system is how best to design an extended life for pavements. Research by both the American Association of State Highway and Transportation Officials and the Federal Highway Administration has been conducted on highway wear and the effects of heavy loads on various pavement thicknesses. According to AASHTO, "Subsequent research has substantiated and reconfirmed the basic findings that heavier loads cause pavements to deteriorate more rapidly and require substantially thicker pavements."

Most state highway departments base materials selection decisions on a-least-cost-estimate for a highway project. Future resurfacing and maintenance may or may not be a part of that process. As a result, some pavements have a short performance record, usually 7 to 12 years, before major maintenance is required. In the meantime, the cost to repair or replace doubles. Figures show that one-third of the total highway budget goes to maintaining the nation's 4 million mile state and local road network. Pavement design should be reevaluated and efforts undertaken to construct or reconstruct these routes with more durable designs.

The American Trucking Association (ATA) has pointed out that, "The economies of scale of building stronger and thicker pavement structures are enormous." ATA referenced the AASHTO design guide, pointing out that, "one additional inch of concrete pavement effectively doubles the strength (and life) of a pavement yet adds only 4% to pavement related construction costs and less than 1/2 of 1% to the total construction costs of a rural Interstate highway (according to Federal Highway Administration [FHWA] cost data)".

Asphalt and concrete are used extensively for highway construction and maintenance, with asphalt dominating the nation's highway network. Over $10 billion annually is spent on asphalt pavements. Because of the comparatively short life of asphalt pavements, the Strategic Highway Research Program (SHRP) will devote $50 million over five years to better understand the properties of asphalt and methods to improve its performance. By contrast, SHRP will spend only $12 million over the five year period to examine cement and concrete in highway construction, with the majority of the effort devoted to bridges and structures.

We believe properly designed and constructed portland cement concrete pavements provide a degree of durability, safety, longevity, and long term cost-effectiveness which is not available from other materials. Concrete pavements do not rut, they provide greater skid resistance, and are less subject to damage during spring thaws.

A means of extending pavement life even further is to specify somewhat greater concrete strengths than those now used. A review of state practices shows that, in many cases, higher strengths can be easily achieved which will result in substantial gains in performance.

Life-Cycle Cost Analysis

While materials selection for pavement is correctly a state decision, we feel that a proper life-cycle costing analysis should include a comparability test in relation to the useful life of the roadway. Costs should be examined for the 20 or 30 lifetime years, including maintenance, future overlays and repairs prior to the end of the projected life cycle. User costs, as well as agency costs, should be included in the analysis. It should be the sense of the Congress that pavement selection should be based on life-cycle costing using the design equivalency test as a means to construct more durable and safe highways.

## EXPANSION OF THE SYSTEM

When Congress authorized funding to complete the Interstate System by 1990, it envisioned no further authorizations for this program. We have found, however, as we have reached 1990, that the Interstate System is incapable of handling the volume of traffic -- both commercial and passenger vehicles -- due to wear and lack of capacity. PCA feels that it is time for the Congress to reexamine our highway system in 1990 terms, in an effort to relieve pressure on both the urban and national grid by removing the current Interstate mileage limitation. The 42,500 miles that were thought adequate in 1955 are not adequate for 1990 and beyond.

Highways of National Significance

It has been suggested that the Interstate and portions of the Primary System, and bridges on those routes, be incorporated into a highway system of "national significance," to augment the Interstate. These routes, approximately three to four percent of the nation's highway system, now carry about 30 percent of vehicle travel and are becoming increasingly important in siting decisions for manufacturing and service facilities which must move both materials and products.

Many parts of the Primary system will not support additional loads and must be brought up to Interstate standards, particularly by the addition of lanes to accommodate increased truck and passenger vehicle traffic. However, a program now in place inhibits the use of Interstate funds in these necessary upgrades. The "Section 139" provision of Title 23, U.S. Code, allows a state to designate a route as an Interstate if it meets Interstate standards. However, use of Interstate and Interstate 4-R funds for construction or maintenance are prohibited. This prohibition should be repealed.

National Truck Route

Our nation's highway system has been described as "warehouses on wheels," racing to meet the "just-in-time" delivery demands. General Motors Corporation, for example, has estimated that approximately 7000 trucks are required daily to support its 299 assembly plants. Any delay triggers a domino effect in all industries serving that particular market.

The 1982 Surface Transportation Assistance Act required the Transportation Research Board (TRB) to conduct a study of truck access to Primary and local routes, including problems encountered in the establishment of a "National Network" for heavy trucks. The study noted the difficulty of implementing a national network and providing "reasonable" access to services, due mainly to the inadequacies of the existing highway system. The program restricted trucks to a network of "the nation's 'best' highways" that either meet Interstate standards or are sufficiently capable of limited service for heavy loads.

Congress is urged to examine the feasibility of constructing a continuous national truck route as part of the program to enhance interstate commerce. This initiative could eliminate or reduce the need for detours around deficient roads that are limited to certain sizes and weights which affect delivery time and detract from economic productivity.

We recommend that Congress authorize a study on the issue of a national truck route, to be undertaken by the Transportation Research Board, in cooperation with the Federal Highway Administration, the American Association of State Highway and Transportation Officials, and the American Trucking Association.

Innovative Technology

Although the Federal Highway Administration (FHWA) studies new methods of construction and equipment use through its Demonstration Projects Division and other experimental programs, the Federal Aid Highway Program provides no direct funding of innovative technology in the area of design, materials, products, or methods. Nor does it provide incentives for the states to promote innovative ideas.

More attention is now being given to research and development on pavement and bridge problems. However, these programs are the result of long-term planning by AASHTO and FHWA through the National Cooperative Highway Research Program, administered by the Transporation Research Board, and the Strategic Highway Research Program. Efforts generally are concentrated on specific problems experienced by the states as a whole, and do not allow for inclusion of ideas, products, materials or designs that come on-line during the course of these R&D projects.

It is in the national interest to encourage and promote the use of innovative technology that has the potential to improve or eliminate pavement failures, preserve or extend the service life of highways and bridges, and enhance highway safety.

Congress should provide incentive for technology development by allowing an increase of 5% in the federal share of a project's cost if innovative technology is proposed. More importantly, it should provide a separate funding category for the federal share to preclude a reduction in a state's apportionment that might be used for other projects. Final project approval would rest with the FHWA, based on the applicability of the product, material, or design to the highway program.

Toll Road Construction

In this era of dwindling resources, with a growing need to expand the capacity of the highway system, toll roads can be an effective means of pay-as-you-go financing for highway improvements. Available federal funds have not kept pace with bridge and highway requirements and the Highway Trust Fund cannot alone provide total funding.

Under present law, seven test projects for toll construction using a percentage of federal funds are underway. Because complete funding is available through bond issues plus the federal share, construction progresses rapidly and the projects can be placed in service more quickly. The present test program should be expanded to allow states to use federal funds for toll road construction. Further, tolls should be eliminated upon debt retirement.

## CONCLUSION

In summary, we believe the Federal role in our highway transportation system is critical and must be maintained. We must provide adequate funding for both new construction and rehabilitation. We must build for the long term, requiring pavements and other systems that are durable and safe. Finally, we must support additional research and development to ensure that we are prepared to meet the new challenges and transportation needs of the 21st Century.

We look forward to working with this Committee and the Congress as these important issues are considered. We offer any assistance that we can provide and appreciate the opportunity to discuss our views with you.

# REAUTHORIZATION OF SURFACE TRANSPORTATION PROGRAMS

WEDNESDAY, APRIL 10, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SURFACE TRANSPORTATION,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
*Wcshington, DC.*

The subcommittee met, pursuant to notice, at 10:08 a.m., in room 2167, Rayburn House Office Building, Hon. Norman Y. Mineta (chairman of the subcommittee) presiding.

Mr. MINETA. The Subcommittee on Surface Transportation will please come to order.

I would like to thank all the participants in today's hearings because we are in the home stretch of completing our hearing schedule for the Reauthorization of the Surface Transportation Assistance Act.

As all of you know, studies call for transportation investments of up to $3 trillion during the next 20 years. We can differ about the final cost, but to me there are no more universal truths than these:

First, the needs are there.

Second, how we spend the money we have is as important as how much money we spend.

In the 1990s, the challenges and the responsibilities will be to maintain the Federal investment in the Federal-Aid Highway System; to continue broad Federal support for Mass Transit; and to create transportation partnerships that include Federal, local, State Governments, metropolitan planning organizations, and the private sector.

The only way our transportation network will truly improve in the years ahead is if we put our increasingly scarce Federal dollars where the needs are today, and where they must be in the future.

That foresight demands not a single strategy, but a series of policies that will be responsive to State, regional, and local needs well into the next century.

We will be hearing about the transportation priorities of many of our Congressional colleagues. We will also hear testimony from national experts on Mass Transit who will discuss the need for continued and increased investment.

I look forward to hearing the testimony of today's witnesses. Their insights on these issues will be very helpful as we continue to formulate our committee legislation.

At this time, I am pleased to yield to our very fine colleague from Arkansas, the ranking republican on the full Committee on

Public Works and Transportation. Unfortunately, because of the death of Senator Heinz, our very fine ranking member, Congressman Bud Shuster I believe is up in Pennsylvania for the funeral and is unable to be here today.

At this time, I am pleased to yield to our fine colleague, Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you very much, Mr. Chairman.

Mr. Chairman, today we continue the public debate on Reauthorization of the Surface Transportation programs, hearing from individual Members of Congress, the Mayor of the city of New York, and representatives of the transit industry.

As I have indicated on several occasions, as have you, Mr. Chairman, members of this subcommittee are committed to seeing this legislation enacted before the September 30th expiration date. As part of this effort, it is critical to hear from members who can share with us the special needs of their regions. And only by hearing of the unique problems in members' districts can we fashion a bill that is truly national in scope and character.

I will also listen with great interest this morning to representatives of the transit industry. I am anxious to know of their reactions to the Administration's proposal, and their further recommendations for improving transit services nationwide.

Transit has a unique role in the national transportation network, and is often advocated as the transportation alternative which can help areas of the country suffering from clean air restraints. Testimony offered today should help us learn of transit's potential and guide us in determining its appropriate future role.

So I extend a warm welcome to all of you. I look forward to hearing your recommendations.

Thank you, Mr. Chairman.

Mr. MINETA. Any other members who would like to present opening statements?

Mr. Applegate.

Mr. APPLEGATE. Thank you very much, Mr. Chairman. I appreciate what we are initiating—not initiating but continuing on with additional hearings until we reach the point where we will try to put together what is necessary to create a five-year plan; hopefully, it will be a five-year plan. It isn't going to be easy. There are a lot of needs. We are looking forward to the testimony of our colleagues and of representatives of the various municipalities and States.

I think what you said, Mr. Chairman, was right. It is not so much how much we spend but how much we spend of what we've got.

I know you didn't want to hear this, but I am going to say it anyway. [Laughter.]

Just talking about the Trust Fund is a very good example of monies that we do have but which we are not looking at spending. It appears that what the Administration wants to do is to increase that upwards of $20 to $21 billion over the five year period to do what they have been doing over a protracted period of time, that is showing a lower deficit. I think that the people of this country who drive on our highways and pay the taxes and who expect more out of this are getting the short shrift.

And I think, Mr. Chairman, as I stated to you earlier, that I am hoping that we will be able to do something with that surplus fund and that we will be able to utilize that in instances where economically depressed areas could benefit. Whereby, if we adopt the Administration's direction and where we may end up with going to 25 and 30, up to 40 percent, particularly in that 40 percent area, that the very areas that will need that are going to be the ones that will least be able to afford it. And that we could take, at least on a needs basis, the surplus from the Trust Fund and utilize it in such a way that it would help them to make up the matching monies that are necessary in order to bring the projects into their area, which would ultimately help them to enhance their economic opportunities and enjoy what some of the other parts of the country are enjoying.

I am looking forward to that and seeing what we can do. And I am looking forward to hearing the testimony of our colleagues.

Mr. MINETA. Thank you.

Our colleague, Mr. Brewster from Oklahoma.

Mr. BREWSTER. Thank you, Mr. Chairman. I would like to thank the committee leadership for holding this hearing. I appreciate the opportunity to express my views and the concerns of the people of Oklahoma's third Congressional district.

As this committee moves forward with consideration of the Administration's surface transportation budget proposals, I would like to urge my colleagues to examine the surface transportation needs of this Nation and compare them with the Administration proposals.

In the case of Oklahoma's third Congressional district, which is a very rural area, the Administration proposals do not give the needed attention to maintaining roads and bridges. One of my greatest concerns is the proposed Urban Rural Block Grant Program. For the Administration to replace the current primary, secondary, and urban system programs with a single urban rural program is, I feel, an unwise move and contributes little to maintaining our roads and bridges.

The current 75 Federal/25 State matching ratio would be changed to a 60/40 State matching ratio. The Administration should recognize the fact that many of our States are simply unable to generate enough revenue to provide the matching funds necessary to put our total Federal apportionment to work. Increasing these States' ratio from 25 percent to 40 percent does little to relieve this problem.

It is time to recognize the deficient condition of our urban and rural collectors and our urban and rural arterials. We must provide necessary funds to ensure the American people you can get from point A to point B without being routed around bridge C and detour to by-pass road D.

I would like to thank the committee leadership for providing me the opportunity to express my concerns. I would like to thank my colleagues for the leadership they have provided and will continue to provide on this critical issue.

I look forward to today's testimony and the opportunity to question the witnesses on the issues of concern to Oklahoma and the district I have the honor to represent.

Thank you.

Mr. MINETA. Thank you very much.

At this time, I would like to submit for the record the prepared statements of our colleagues from Illinois, Mr. Costello and Mr. Poshard.

[The prepared statements of Mr. Costello and Mr. Poshard follow:]

**OPENING STATEMENT**

**BY U.S. REP. JERRY COSTELLO, ILLINOIS**

**SUBCOMMITTEE ON SURFACE TRANSPORTATION**

**HEARING ON THE AUTHORIZATION OF THE POST-INTERSTATE**

**SURFACE TRANSPORTATION PROGRAMS**

**APRIL 10, 1991**

Mr. Chairman, today we are here to further inquire into the future shape of our country's surface transportation policy. The hearings to date have been very useful, and I look forward to hearing from today's witnesses.

There are several provisions in the Administration's proposal which concern me, and which I believe merit more of this Committee's attention. I hope that today we can examine the impact of the Administration's proposals to alter labor protection provisions. In addition, I am concerned about UMTA's administration of provisions to encourage privatization. Several members of the transit community have expressed to me their view that UMTA's pressure for privatization goes far beyond Congressional intent, and often results in project delays.

Thank you again, Mr. Chairman, for convening us today.

REMARKS OF CONGRESSMAN GLENN POSHARD
SUBCOMMITTEE ON SURFACE TRANSPORTATION
10:00 a.m., 2167 RAYBURN BUILDING
APRIL 10, 1991

MR. CHAIRMAN, I AM PLEASED TO BE HERE THIS MORNING TO HEAR MORE ABOUT THE ADMINISTRATION'S PROPOSED BUDGET AND THE SURFACE TRANSPORTATION REAUTHORIZATION. THE HIGHWAY BILL IS A ONE WHICH DIRECTLY AFFECTS THE DAILY LIVES OF THE VAST MAJORITY OF AMERICANS, AND I AM GLAD TO BE A PART OF THE PROCESS.

I BELIEVE THAT THE EMPHASIS ON AN INTERGRATED NATIONAL TRANSPORTATION SYSTEM IS VITALLY NEEDED, AND I APPLAUD BOTH THE COMMITTEE AND THE ADMINISTRATION FOR THE WORK BEING DONE TO MOVE IN THAT DIRECTION.

COMING FROM A VERY RURAL AREA, I AM INTERESTED IN RURAL PUBLIC TRANSPORTATION PROGRAMS AND INITIATIVES WHICH WOULD IMPROVE AND EXPAND SERVICE IN RURAL AREAS. I'M LOOKING FORWARD TO A GOOD HEARING, AND I APPRECIATE THAT OUR WITNESSES ARE HERE BEFORE US.

Mr. MINETA. At this time, I would like to now call on a very distinguished colleague with whom I was elected in 1974, Tom Downey.

If you would proceed on your own, Mr. Downey.

## TESTIMONY OF HON. THOMAS J. DOWNEY, A REPRESENTATIVE IN CONGRESS FROM NEW YORK

Mr. DOWNEY. Thank you, Mr. Chairman. Having had the privilege of serving on the other side of the witness table, I will try and make sure that my remarks are short and sweet since you have a long panel of witnesses today.

My concerns are a narrow focus of what you will be considering. They have to do with the transportation needs of the elderly. Mr. Chairman, listening to your opening statement, I was struck how the three items that you talked about fit very nicely in the concerns that the elderly have.

First of all, the needs are there, you said. They certainly are. If you take a look at the problems that the rural and the suburban elderly have, there is a myriad of services available to many of our elder citizens, but the opportunity to get to those services is not there.

Title III of the Older American Act, which is a catch-all spending program for the States, in some States they use almost one-third of the budget just to provide the opportunity for the elderly to get to services.

The second point you made in your opening statement, Mr. Chairman, is you said how we spend the money is as important as how much we spend it on. And I couldn't agree with that more. The reality is that in a world of diminished resources, how we spend money is critical. And coordination of what we spend it on is equally important.

Section 16(b)(2) of the Surface Transportation Act provides grants to not-for-profit agencies for capital—buses, vans—to provide transportation. If you can in your consideration of your omnibus bill require the coordination from the Department of Transportation to the Department of Health and Human Services on the transportation needs of the elderly—marry Title III with 16(b)(2) services—it will get the sort of synergistic effect that we need in terms of providing additional help to this one segment of the population.

I hope you would also, Mr. Chairman, consider a whole mobility strategy for the elderly. The elderly, and most Americans, view transportation as a fundamental right. Most of the Founding Fathers viewed this idea of mobility also as an important right of Americans.

Lastly, let me just say that H.R. 1079, the Mobility Assistance Act of 1991, of which I am a co-sponsor, addresses all of these needs clearly and effectively. So during the course of your deliberations, as you think about the special needs of special organizations, please consider the fact that if the elderly are to use the services that we richly provide under other sections of law, they have to be able to get there. Right now, they are not getting there.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Downey.

Mr. Bilbray.

Mr. BILBRAY. Thank you, Mr. Chairman. By the way, as a member of the Aging Committee, I would like to associate myself with Mr. Downey's statement. It is so correct and so needed.

Mr. MINETA. Sorry, Mr. Bilbray.

Mr. Downey, before you get away, could I ask one quick question of you?

Mr. DOWNEY. Sorry, Mr. Chairman.

Mr. MINETA. No, I would just like to ask since you are supporting our very fine colleague, Congressman Rahall in the H.R. 1079, the Mobility Assistance Act of 1991, when do you think your GAO report will be ready?

Mr. DOWNEY. In June, Mr. Chairman.

Mr. MINETA. In June?

Mr. DOWNEY. Yes, Senator Adams and I asked for the GAO to do a study.

Mr. MINETA. I am really looking forward to the results of that, and I do hope that we will have the opportunity to share in that report. That may be a very enlightening issue for us. The problem is if that's going to be June, we may have marked up on our bill. But we will have to take a look at that.

When you talk about the elderly, there are elderly who are able-bodied versus elderly who are in need. And so I am wondering to the extent how do we get those services to the elderly who really are in need?

Mr. DOWNEY. Coordinating that, Mr. Chairman, with local agencies, which have a remarkable insight into who in the community needs the services, is the way to handle that. And leaving wide discretion among the States and the localities as to how they spend this money I think is also appropriate.

Let me just mention to some of the other members of the subcommittee who may not be aware of this, I am the chairman of the Human Services Subcommittee on the Aging Committee, which Mr. Bilbray may have mentioned. We spend a lot of time on this question not only of services, but how to most appropriately utilize these services. If you take a look at the various aging agencies, they have a very good idea of who is in their community, who needs the help, and how they need the help. And you could even tailor, though I suspect this is somewhat more controversial, the services to those who need it and require a small payment from those who use services who can afford to use those services. I think that would be completely appropriate. Sometimes that becomes administratively difficult to do, but I think it makes some sense to do in terms of making scarce dollars go further.

Mr. MINETA. Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman.

Mr. Downey, when you conducted your hearing in January 1991 for transportation for America's elderly, in that hearing did you address the transportation needs of the elderly in just the cities or did you address rural also?

Mr. DOWNEY. Let me just say that we addressed the needs of the elderly across the country. In the body of my remarks, I talked about the suburban and the rural elderly as being the most in need. The rural elderly, as far as we could tell from our hearing,

are probably the most critically under-served group. There, transportation is absolutely critical to their being able to use any service that the area and agencies provide. So that has got to be one of your principal focuses.

Mr. LAUGHLIN. Who should we contact on your staff to get a copy of that study and report?

Mr. DOWNEY. Well, we will make that available to the members of the subcommittee. Later on in the afternoon you are going to hear very compelling testimony from a woman who testified before my subcommittee on this subject that you are concerned about. She will detail in chapter and verse the needs and how you can be of help.

Mr. LAUGHLIN. Thank you very much.

Mr. MINETA. Thank you very much, Mr. Downey.

Mr. DOWNEY. Thank you, Mr. Chairman, and thank the members of the subcommittee.

[Mr. Downey's prepared statement follows:]

STATEMENT OF TOM DOWNEY

I am pleased to present testimony this morning before the Subcommittee on Surface Transportation on legislative proposals for surface transportation programs.

As the Chairman of the House Select Committee on Aging's Subcommittee on Human Services, the issue of transportation as a human service and as a human right continues to be a great concern of mine. Transportation is a vital lifeline for older Americans and a critical factor in their ability to maintain their independence. Lack of transportation services undermine the effectiveness of the programs that serve the elderly and the disabled.

The passage of the 1970 amendments to the Urban Mass Transit Act (UMTA) of 1964, which added Section 16, marked the beginning of special efforts to plan, design and set aside funds for the purpose of modifying transportation facilities for improved access by the elderly and disabled.

Last year marked the 25th anniversary of passage of the Older Americans Act, which has had a major impact on the development of transportation for older persons, and which falls within my Subcommittee's oversight jurisdiction.

Under Title III of the Older Americans Act, States are required to spend an adequate proportion of their funds on three categories: Access services, which include transportation; in home services and legal services.

In fiscal year 1989, nearly 7 million persons were recipients of transportation services under the Older Americans Act. Approximately 10 percent of Older Americans Act funds are used for transportation services.

Finally, twenty years ago this year, the 1971 White House Conference on Aging authorized by the Older Americans Act and called by President Nixon introduced the issue of transportation as a senior issue; the 1981 White House Conference identified transportation for the elderly as a priority issue.

The last time the issue of transportation for older Americans was addressed, prior to this year, by the House Select Committee on Aging was in 1986, when the Subcommittee on Human Services held a hearing entitled, "Elderly Transportation: 1986 and Beyond."

At that time, Subcommittee Members heard testimony from witnesses that contained mixed messages. There was a sense of accomplishment that existing programs were working to serve seniors, and a sense of frustration that there are still so many older Americans who are entitled to transportation services, and who are not receiving those services.

I cannot emphasize enough the importance of transportation in providing access to all other social services for the elderly. The best designed service will only have a limited impact if elderly clients cannot reach the service site. Once you lose your ability to get from place to place, you begin to lose your independence.

Now, five years later, we are once again addressing the issue of mobility and specialized transportation as ways to access needed resources in order for many older Americans to remain living independently within their communities. Some of the issues that have surfaced as concerns and problems in the past are still with us. The need for increased funding, coordination of programs, the targeting of beneficiaries, changes in funding patterns, the very real differences that exist in rural and urban transportation needs, the absence of reported data, as well as the concern about safety of older drivers are among some of those issues.

While we know that there are other Federal mechanisms that provide transportation opportunities for our Nation's elderly, such as the Social Services Block Grant, the Community Services Block Grant, and to some extent, Medicaid, the ones I have mentioned this morning all have something in common -- they are currently being reviewed for reauthorization by Congress.

That is why on January 29, 1991 I held a hearing called, "Transportation in the Nineties: Keeping America's Elderly Moving." Recommendations from my hearing might be extremely useful to this Subcommittee as you consider legislative proposals for surface transportation, especially H.R. 1079, the Mobility Assistance Act of 1991, introduced by my good friend Nick Rahall. This legislation is a constructive first step at reaching a more balanced distribution of Federal transit assistance and a targeting of those dollars to the most in need, specifically the transportation dependent. H.R. 1079, also addresses capital needs, including 16(b)(2) and operating needs looking at both underserved and unserved areas of this country. This bill, if passed, would have significant implications for the elderly and will help to focus national transit policy so that it includes the elderly as a top priority.

It is my hope that we might work together to develop strategies for creating a national policy on mobility and transportation for all Americans. I think that this has to be a unified effort, and one that not only reaches out to Congress, and the Federal Government, but to the private sector as well.

In that light, I, together with Senator Brock Adams, Chairman of the Senate Committee on Labor and Human Resources Subcommittee on Aging, and former Secretary of Transportation, have requested a joint study by the General Accounting Office identifying the principal barriers that local and area service providers are experiencing in providing transportation to their clients, and to propose solutions for overcoming those barriers. Once this study has been completed, I will be happy to share the results with you.

Thank you again for allowing me the time to share my concerns with you. I look forward to working together with you over the coming weeks and months.

Mr. MINETA. Mr. Bilbray, your statement will be made a part of the record. So if you would proceed in your own fashion.

## TESTIMONY OF HON. JAMES H. BILBRAY, A REPRESENTATIVE IN CONGRESS FROM NEVADA

Mr. BILBRAY. Thank you very much, Mr. Chairman. I appreciate the opportunity to address the subcommittee as you begin this difficult process of consideration of the reauthorization of the Surface Transportation Act.

I would like to commend the committee members for their strong support of our highway program. The funding level that the committee presented to the Budget Committee attempts to adequately fund our Nation's highway infrastructure above the $16 billion the Administration is proposing.

For those of us who represent the West, we are deeply concerned over the proposal to change the funding formula for highways. Basing the distribution of funding on population may work well on some issues, but not on large yet sparsely populated States like Nevada.

If roads in a particular State were used only by the residents of that State, then the Administration's position would be valid. But that is not the case. Nevada is visited by millions of tourists annually from every State in the Union who either drive their vehicle or rent a car.

Further, Nevada serves as a bridge State which suffers from traffic from commercial trucks transporting goods from one State to another. This adds up to roads that are in need of repair and upkeep gives us tremendous problems on the destruction of our road system.

To ensure that the highway infrastructure meets the needs of those traveling in Nevada, I am seeking support from the subcommittee for several proposals that will improve the movement of traffic in the Las Vegas area.

Chairman Mineta visited southern Nevada last Congress and I understand again just in the last few weeks he visited Southern Nevada. As the Chairman is aware, and I am sure the members of the committee are aware, Nevada is the fastest growing State in the Nation. Clark County, where Las Vegas is located, has a net growth of 4,000 citizens a month. I saw figures the other day that were presented to me that by the early 21st century it is estimated that the greater Las Vegas area will have a population in excess of 1.9 million people. So it will be a major center in this country. Starting out when I was born there they only had 5,000 people. So you can see what that kind of growth has done. And I am not that old. [Laughter.]

Figures released by the Commerce Department indicate this growth will continue through the 21st century. Who knows what the size of Las Vegas will be by the beginning of the 22nd century.

This tremendous growth has seriously strained the State's transportation infrastructure. The transportation system in southern Nevada is 10 years behind in meeting the travel requirements of the population. To update Nevada's highway system will cost $4.5 billion over the next decade. And when you think that our entire

State budget per year is $1 billion, you can understand why that is of concern to the people of our State.

Nevada's elected officials have worked aggressively to redress the shortfall. In fact, our own population voted in southern Nevada for massive tax increases to help fund the transportation in southern Nevada.

As I mentioned earlier, Nevada is a bridge state. Our survey of our Department of Transportation states that 80 percent of the trucks that travel over our roads neither start in Nevada or terminate in Nevada—they pass through our State on the way to California or from California to someplace else. This does tremendous damage, as this committee knows, on the infrastructure of our State. And even the outside roads, the small roads on the side, 30 percent of those trucks that travel over those roads neither originate in Nevada nor terminate in Nevada.

What we are asking this committee to consider is two particular programs—the I-15/U.S. 95 Interchange, where two Interstate Highways come together, called the "Spaghetti Bowl" because it is so enmeshed with different ways to get on and off that particular structure. This was built in the 1960s and certainly was projected to be able to handle the traffic till the turn of the century in southern Nevada. That has turned out to be totally inadequate. Even our most progressive prognosticators never dreamed that the southern Nevada growth would be what it is today.

The Nevada Department of Transportation is looking at this Interchange and planning changes that have to be made. We are asking the Government to commit $10 million for each year of five years toward this program. The total cost of this project will be $80 to $100 million and the remaining funds will be made up by the Nevada State Department of Transportation.

The second project we are asking for is $8 million for the initial link of a beltway around Clark County. This is desperately needed on our plans. The first link would be tied to McCarran International Airport with Interstate and urban arteries. This would be a massive, better than a several billion dollar project to take us all the way around the valley into a beltway. We are asking for help from the Federal Government in that project.

Again, I would like to thank the committee for considering these projects. I know that the former chairman came out to our city, Mr. Howard, and I know that Mr. Anderson has also visited us, and Mr. Mineta has. I see other members of the committee, like chairman Roe, who have been out there for other problems in the past. We appreciate the members of the committee that do visit our fair city, and hope that more members will be able to visit us and see our transportation system.

Thank you.

Mr. MINETA. Thank you very much, Mr. Bilbray.

Any questions of Mr. Bilbray?

If not, thank you very, very much. Having visited, as you've indicated, the Spaghetti Bowl Interchange and seen the I-5, I-15, I-95 problems there, as I understand it, you say the total cost is about $80 to $85——

Mr. BILBRAY. It is $80 to $100 million, of which we are asking for nearly $50 million in Federal help on that. We are putting our

money where our mouth is in Nevada. Like I said, the voters actually voted in massive tax increases because the gridlock that is developing in Nevada is becoming very serious.

Mr. MINETA. What's the State gasoline tax in Nevada, do you know?

Mr. BILBRAY. I think it is around 20 cents a gallon, but I am not 100 percent sure.

Mr. MINETA. Do any of the sales tax dollars go towards anything other than general funding?

Mr. BILBRAY. They do now. That's one of the votes that was made by the people of southern Nevada. They voted an increase in sales tax and that money is now geared toward transportation.

Mr. MINETA. I notice that there was 9 percent sales tax that you have in Nevada.

Mr. BILBRAY. I don't think it's 9 percent, I think——

Mr. MINETA. Oh, I'm sorry. No, no. I am sorry.

Mr. BILBRAY. It was 6 and we voted an increase in that.

Mr. MINETA. It was 6, that's right.

We welcome our very distinguished full committee chairman. We are pleased to have you here, Chairman Roe.

The CHAIRMAN. Thank you, Norman Mineta, the distinguished chairman of our subcommittee. You're doing an excellent, outstanding job overall, not only the hearing aspect, but the transportation program of the Nation.

I would like to ask a particular question which I would like to get on record. One of the proposals that is emerging out the Administration's proposals, is based upon the point of view that the states and the locals should pay more money; the matching levels should be reduced and the locals—meaning the states and the cities—should be putting up more funding. You made the point of view in your opening presentation that the State of Nevada, which I'm alerted to, has been doing quite a bit of that to begin with.

Is the State of Nevada in a position, in view of what the Administration has projected as far as local participation, to tax themselves additional funding to meet the needs? When you start talking about $4.5 billion, that's probably 25 percent of the entire allocation for the Nation, and I don't say that disrespectfully, because it is——

Mr. BILBRAY. No, but we're not talking about one year, Mr. Chairman. We're talking that over a number of years.

The CHAIRMAN. I understand that. But do you feel that the States can be putting up more funding than they're doing now?

Mr. BILBRAY. Well, I think that depends State-by-State. You have got to remember that the State of Nevada is 87 percent owned by the Federal Government. What that does is take 87 percent of our property off the tax roles. Because of that reason, we have a very, very difficult time. We have most of these highways that are running entirely on public lands the whole length of their distance, sometimes 400–500 miles, never touching, except rarely, a piece of property owned by any individuals within the State. So we don't have a good property tax base to look at because when you only own 13 percent in either State or private ownership, probably 6 or 7 percent of that is State parks and items like that, so you prob-

ably have 7 percent in private ownership. So we are very limited on what we can do with property tax.

We can certainly raise the sales tax, which we have done, to help fund it. We have raised the gasoline tax to where we're one of the highest in the United States. We continue to do this sort of thing, but we're reaching a point where at what point do we reach a point where we break the back of the people of the State. If 100 percent of our State was owned by the people of the State of Nevada, like you find in many Eastern States, I would say that we could share the burden around through the property tax fairly. But when 87 percent of the State is owned by the Federal Government and we have tried repeatedly to get the Federal Government to release some of that land back to us to help us be able to put that into private ownership, the Federal Government refuses.

The CHAIRMAN. I wonder if the Chairman would give me one more second. What I am trying to get at, and I think we have to start to develop in these hearings particularly as members are testifying, is that the Administration's proposal calls for a system of highways of national importance, national significance, of which probably 65 percent of the funding would be allocated out of the monies that are allocated each year for that purpose. So if we are just going to do that, there are not going to be enough resources—and the Administration has recognized that, too—to be able to do what ought to be done in America that is needed for the transportation system of the country. Therefore, one of two things have to happen. Either we have to go the route of saying, well, yes, the States have got to put up 50 percent more of the funding or the Federal Government has got to be responsible for more of the funding. That's where we're coming from.

I think it is important to establish at the very beginning of these hearings that the assumption that State after State after State testifies, including my own, and says we need $3 billion, we need $4 billion, when the total amount of funding is $16 billion next year, at least allocated by the Budget Committee at the moment, this is time for America to look up and the Congress to say we should be providing more resources to be able to build the infrastructure of the Nation.

Mr. BILBRAY. Well, absolutely, Mr. Chairman.

The CHAIRMAN. Would you vote for that support?

Mr. BILBRAY. Absolutely. And I've done it in the past and will continue to do it in the future.

The CHAIRMAN. I would note that Nevada is one of the very best members we have. [Laughter.]

Mr. BILBRAY. Thank you. And I would also oppose taking Highway Trust Funds and using them for any other purpose but on the highways and infrastructure of our country.

The CHAIRMAN. I thank the distinguished chairman.

Mr. MINETA. Any other questions of our distinguished colleague from Nevada?

If not, we thank you very much.

Let me now call on a very distinguished member of the California delegation from the 19th Congressional district, our colleague, Bob Lagomarsino.

Bob, if you would like to bring your two Commissioners with you, if they are here, and introduce them to the panel, that would be fine.

**TESTIMONY OF HON. ROBERT LAGOMARSINO, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA, ACCOMPANIED BY BOB H. JENNINGS, COMMISSIONER, OXNARD HARBOR DISTRICT, AND RAYMOND E. FOSSE, COMMISSIONER, OXNARD HARBOR DISTRICT**

Mr. LAGOMARSINO. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, thank you for this opportunity to once again report to you on the port access project at the Port of Hueneme in Ventura County. I have with me this morning two commissioners from the Port, Bob Jennings, on my left, who has served as a commissioner for 31 years; and Captain Ray Fosse, who was elected as a commissioner last November.

I compliment you, Mr. Chairman and members of the committee, for the difficult job you are setting out to do to develop a surface transportation bill. I know it won't be easy; there are all kinds of tough issues, we've heard some of them already this morning, but I am confident that you will be able to come up with a bill that we can all support.

Last July 2, I testified at the field hearing you held in Long Beach. In my statement, I endorsed the concept of legislation to specifically enable improved intermodal operations at ports. I mentioned a port access/intermodal project initially studied by the Southern California Association of Governments in 1986. The Port of Hueneme, the Cities of Oxnard, Port Hueneme, and Ventura, and the Ventura County Transportation Commission support the conclusions of the report and agree on the priorities for constructing and improving critical transportation corridors in the plan.

The Naval Construction Battalion Center at Port Hueneme, along with the Naval Ship Weapon Systems Engineering Station, the Naval Air Station, Pacific Missile Test Center, and Air National Guard at Point Mugu all played critical roles in Operation Desert Shield/Desert Storm. And the Port of Hueneme will play an important role in the demobilization. All the truck traffic generated by the Port and these related naval bases currently travels on local roads through these three cities to reach the major transportation corridor in Ventura County, Highway 101. The truck traffic generated by these facilities creates environmental, safety, and economic problems.

The port access study identifies solutions to these problems, and I am hopeful that your bill will provide some Federal resources to implement the plan. I request that you include a provision in the bill which will enable some portion of the highway program to use Federal funding to implement port access/intermodal programs or to demonstrate the economic, environmental, and safety benefits accruing from improved port access in a region served by the port and two major Navy installations.

Thank you for consideration of these proposals. And thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Bob.

Let me ask, in the Administration's bill, what they have done is to say that certain ports and major defense facilities can be put under the national highway system as part of a priority. Do you know whether or not this would qualify under that as providing access to a nationally significant defense-related facility?

Mr. LAGOMARSINO. I certainly think it would because, as I mentioned, we have three major military bases—two Navy bases and an Air National Guard base that was just constructed about a year ago.

Mr. MINETA. Do you know whether or not this specific piece is in the map that was submitted by the State of California to the Federal Highway Administration in the Department of Transportation.

Mr. LAGOMARSINO. Yes, I am told it was.

Mr. MINETA. That it was part of the national highway system?

Mr. LAGOMARSINO. That's my understanding.

Mr. MINETA. Okay. Fine. Well, thank you very much, Mr. Lagomarsino.

Any other questions?

The CHAIRMAN. Mr. Chairman.

Mr. MINETA. Our distinguished chairman of the full Committee on Public Works and Transportation.

The CHAIRMAN. First of all, I want to welcome you, Bob, for your valid testimony and the strong support that you have rendered over the years for this committee.

I had a chance to talk to some of your folks yesterday, when they visited with me on this very important issue. The point that was developed—which was a very strong point and I think it ought to get into the record—is that this port is a unique port in the sense that it is not totally devoted to containerized shipping, it is more general cargo, as I understand.

Mr. LAGOMARSINO. That's correct.

The CHAIRMAN. I think that's a terribly important point to make. We visited recently out in Long Beach and we visited in Los Angeles, of course those are two of our really major containerized ports as you know. I want to make it clear that it is not necessarily in that kind of direct competition with Port Hueneme. What does that mean? How does that translate in Indian, "Include us in the highway bill." [Laughter.]

Mr. LAGOMARSINO. Sir, it means "beautiful lady."

The CHAIRMAN. Beautiful lady. All right, that gets you fifty points right there. [Laughter.]

But I think it is important to clarify the issue as far as ports in this country are concerned in the intermodality point that the distinguished Representative from California is speaking to. That we should not have our transportation system Balkanize it if we are going to get the optimum yield out of those ports and are going to be more competitive, particularly the type of port it is, the intermodality, the interrelationship to the rest of the transportation system, is extremely important. So it is not just a question of getting a road in there, it is a question that you mentioned in your testimony, the economic dynamics of what we're trying to achieve with the freight coming in.

So therefore, Mr. Chairman, if I may, when the committee discusses and starts to get into the point of intermodality—that's

flexibility we're talking about—that you consider that to be a critical issue as far as this area of the country is concerned. Would that be a fair comment?

Mr. LAGOMARSINO. Oh, absolutely.

The CHAIRMAN. I thank the distinguished gentleman.

Mr. MINETA. Other questions of our distinguished colleague from California?

If not, thank you very much, Congressman Lagomarsino, and Mr. Jennings and Captain Fosse.

And, without objection, I would like to insert into the record at this point a statement received from Representative Elton Gallegly of California.

[Mr. Gallegly's statement follows:]

THE HONORABLE ELTON GALLEGLY

STATEMENT TO BE SUBMITTED FOR THE RECORD
SURFACE TRANSPORTATION SUBCOMMITTEE HEARINGS
on the
REAUTHORIZATION OF SURFACE TRANSPORTATION ACT
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

APRIL 10, 1991

CHAIRMAN MINETA, MEMBERS OF THIS SUBCOMMITTEE, THANK YOU FOR THIS OPPORTUNITY TO SUBMIT TESTIMONY IN SUPPORT OF A VERY IMPORTANT TRANSPORTATION PROJECT LOCATED IN MY CONGRESSIONAL DISTRICT AS WELL AS MY COLLEAGUE'S, CONGRESSMAN BOB LAGOMARSINO. THIS SUBCOMMITTEE HEARD FORMAL TESTIMONY ABOUT THE PORT OF HUENEME ACCESS PROJECT LAST SUMMER WHEN VENTURA COUNTY SUPERVISOR SUSAN LACEY APPEARED BEFORE YOUR FIELD HEARING IN LONG BEACH. SINCE THAT TIME, THE LEGISLATIVE BODIES OF THE FOUR LOCAL GOVERNMENTS ASSOCIATED WITH THE PROJECT HAVE FORMALLY ACCEPTED A REPORT FROM THE VENTURA COUNTRY TRANSPORTATION COMMISSION (VCTC) RECOMMENDING SPECIFIC CONSTRUCTION OR IMPROVEMENT PROJECTS WHICH WILL IMPLEMENT CRITICAL ELEMENTS OF THE PLAN.

MR. CHAIRMAN, I KNOW THAT YOU AND YOUR COLLEAGUES ON THIS SUBCOMMITTEE HAVE DEVOTED A GREAT DEAL OF TIME AND ENERGY GATHERING AND EVALUATING MANY DIFFERENT POSSIBLE COMPONENTS OF THE NEXT SURFACE TRANSPORTATION BILL. AS A FELLOW CALIFORNIAN, I KNOW THE TREMENDOUS IMPACT YOUR DECISIONS WILL HAVE ON THE MANY TRAFFIC PROBLEMS WE HAVE IN SOUTHERN CALIFORNIA. I KNOW THAT YOUR BILL WILL ADDRESS THE METROPOLITAN TRAFFIC CONGESTION ISSUE. AS WE BOTH KNOW FROM OUR EXPERIENCE AS MAYORS, THE ROADS IN AND AROUND CITIES CARRY TREMENDOUS AMOUNTS OF LOCAL, REGIONAL, AND CROSS COUNTRY TRAFFIC. MANY OF THESE LOCAL HIGHWAYS ARE CRITICAL TO REGIONAL ECONOMIES AND THE NATIONAL DEFENSE MISSION OF MILITARY FACILITIES.

THE PORT OF HUENEME PORT ACCESS PROJECT IS AN EXAMPLE OF A TRANSPORTATION PROJECT WHICH HAS NATIONAL AS WELL AS REGIONAL SIGNIFICANCE. I KNOW THAT SEVERAL OF OUR LOCALLY ELECTED OFFICIALS FROM VENTURA COUNTY HAVE DISCUSSED THE IMPORTANCE OF THE PORT ACCESS PROJECT WITH YOU AND YOUR STAFF OVER THE PAST TWO YEARS, AND I AM HOPEFUL THAT YOU WILL INCLUDE FUNDING IN THE SURFACE TRANSPORTATION BILL FOR THE PORT ACCESS CORRIDOR IMPROVEMENTS.

THE PORT OF HUENEME, THE POINT MUGU MISSILE BASE AND THE NAVY'S CONSTRUCTION BATTALION BASE (SEABEE) ARE VERY IMPORTANT TO THE ECONOMY OF THE AREA AND MUST BE SERVED BY A ROADWAY SYSTEM WHICH REFLECTS THEIR IMPORTANCE TO THE AREA. I REQUEST THAT A PROVISION BE INCLUDED IN THE BILL WHICH ENABLES A DEMONSTRATION OF THE INTERMODAL IMPROVEMENTS RECOMMENDED IN THE PORT ACCESS STUDY.

THANK YOU.

Mr. MINETA. At this time I would like to call forward a panel made up of very fine colleagues of ours from Ohio and Indiana, Congressman Paul E. Gillmor of the 5th district in Ohio, Congressman Jim Jontz of the 5th district in Indiana, Congresswoman Marcy Kaptur of the 9th in Ohio, and Congresswoman Jill Long of the 4th in Indiana.

All of your statements will be made a part of the record. And who would like to proceed with the initial statement?

Mr. Jontz.

Mr. JONTZ. Mr. Chairman, I think that our panel has determined that we will work from the West to the East.

Mr. MINETA. All right. Then go East.

**TESTIMONY OF HON. JIM JONTZ, A REPRESENTATIVE IN CONGRESS FROM INDIANA; HON. JILL L. LONG, A REPRESENTATIVE IN CONGRESS FROM INDIANA; HON. PAUL E. GILLMOR, A REPRESENTATIVE IN CONGRESS FROM OHIO; AND HON. MARCY KAPTUR, A REPRESENTATIVE IN CONGRESS FROM OHIO**

Mr. JONTZ. Thank you, Mr. Chairman. I sincerely appreciate your accommodating this statement this morning from myself and from our panel.

I would like to ask for the committee's consideration of the authorization of a project that we call the Hoosier Heartland Industrial Corridor, which would seek to make U.S. 24 from Lafayette, Indiana to Fort Wayne, Indiana a modern four-lane highway.

Mr. Chairman, my election to Congress came after the formulation of the most recent Surface Transportation Act and I was not for that reason able to come before this committee at that time. But we have been fortunate that some $5.95 million for preliminary engineering and land acquisition for two segments of this highway have been approved. At this point, we come before the committee to request $20 million for authorization for the construction phase of the project.

Mr. Chairman, Indiana has a very ambitious highway improvement program and the Hoosier Heartland Industrial Corridor is a major component of the program. We have new lottery revenues in our State which make this sort of program possible, but the Federal funding certainly plays a critical role in moving this project forward on the State's agenda. Total construction costs for these two particular segments that would result in the completion of the project from Logansport to Fort Wayne would be $103 million, so the $20 million is about 20 percent of that.

Mr. Chairman, the need for this project results from the fact that the cities that are linked by this corridor lack a modern transportation system; they are basically railroad towns that have been left behind economically. Many local efforts for economic development have been frustrated from the lack of a four-lane highway connecting these cities with the commercial centers of Fort Wayne and Lafayette. This project would allow those towns to grow as well as addressing the very serious safety concerns which result from the inadequacy of this road.

Mr. Chairman, I do appreciate your consideration. I am pleased to be a part of this panel which addresses more comprehensive transportation needs across northern Indiana and into western Ohio.

Mr. MINETA. Thank you very much, Mr. Jontz.

Proceeding eastward to Congresswoman Jill Long.

Ms. LONG. Thank you, Mr. Chairman and members of the subcommittee. I thank you for the opportunity to testify today.

I echo Mr. Jontz' request for Federal assistance for the Hoosier Heartland Industrial Corridor, which lies to the west of Fort Wayne, Indiana. I am also pleased to be here, together with Mr. Gillmor and Ms. Kaptur, in support of Federal assistance with regard to the funding of a feasibility study to assess improvements on U.S. 24 east of Fort Wayne to Toledo, Ohio—which is referred to as the Fort-to-Port Corridor.

The Hoosier Heartland Industrial Corridor would provide a needed four-lane link west of Fort Wayne, which is in my Congressional district, to Lafayette, in Congressman Myers' Congressional district; the largest portion of this crosses Congressman Jontz' district in north central Indiana. The Fort-to-Port Corridor would also provide a four-lane link from Fort Wayne to Toledo, and this corridor extends for 11 miles within my Congressional district to the Indiana/Ohio border. The largest section of this corridor crosses Congressman Gillmor's district in northwest Ohio, and then continues on to Toledo.

Mr. Chairman, over the last 30 years the safety to motorists and the economy along U.S. 24 have suffered considerably from transportation problems. As more four-lane roads and major interstates have been built, large highways have developed into the primary freight distribution networks throughout the country. However, there is one exception. Fort Wayne and Toledo are among the 100 largest cities in the United States and yet one of the few pairs without a four-lane connection.

As the importance of railroads for hauling freight has waned, larger and more hazardous trucks have increasingly been utilized to transport freight. Along U.S. 24 to the east and west of Fort Wayne, larger and heavier vehicles must use the narrow, winding, two-lane roadways, if they use them at all.

While the cities of Fort Wayne, Lafayette, and Toledo continue to grow, the smaller cities and towns in between have been adversely affected by the inaccessibility created by poor roadways. This area is composed of farms and factories, spread out over open countryside, which are connected primarily by a patchwork of meager, rural roads. The communities along these two corridors have tried to promote economic development despite these transportation shortcomings. These communities are often overlooked by companies because the region lacks modern transportation routes. As the road system exists now, companies would have to be wary about this roadway's current inability to accommodate the transportation needs of labor, supplies, and distribution.

Furthermore, the State of Indiana and the State of Ohio have recently submitted U.S. 24 to the U.S. Department of Transportation as a road to be designated as a Highway of National Significance.

Mr. Chairman and members of the subcommittee, highway improvements to the Hoosier Heartland Industrial Corridor and assessing the feasibility of improvements to the Fort-to-Port Corridor are important safety and economic steps toward the revitalization of a depressed area in rural Indiana and Ohio.

Thank you, Mr. Chairman.

Mr. MINETA. Now proceeding further east to our colleague, Mr. Gillmor from the 5th district in Ohio.

Mr. GILLMOR. Thank you, Mr. Chairman, and members of the subcommittee. I appreciate the opportunity to appear before you today. I want to join with my Ohio and Indiana colleagues in requesting funding for a feasibility study for the improvement of U.S. Route 24.

The largest stretch of U.S. 24 runs through my district and it crosses four counties of northwest Ohio. Actually, it ties together the two largest cities in this region of the country—Fort Wayne, Indiana and Toledo, Ohio. The push to expand U.S. 24 began on a much smaller scale, with the construction of a bypass around congested Waterville, Ohio. That project spawned a capacity study of the eastern half of the route and the results revealed that traffic will double in the next 20 years.

In addition, the roadway carries 23 to 30 percent truck traffic, which is an unusually high share, particularly for a route that in many places is two lanes, winding, and it is dangerous. According to the Ohio Highway Patrol, between 1985 and 1989, a total of 26 people died in 1,036 traffic accidents on U.S. 24 in this area.

The residents of Toledo, of northwest Ohio, and of eastern Indiana deserve safety on the region's only major east-west route. Moreover, the economic benefits of developing this corridor also add to the need for its improvement. One example is that greater accessibility and ease of transportation would add to the appeal of the region to auto manufacturers and allied industries, which are very major industries in this area and have been suffering in recent years. Secondly, this area is a major farm area and improving U.S. 24 would aid agriculture and the food product industry by improving the ability of such businesses to ship their goods on an east-west route.

Improvement of U.S. 24 is a priority for Ohio's State legislators and is endorsed by local organizations. I want to enthusiastically lend my support to that of my colleagues testifying this morning, so that we may present a unified case in requesting $300 thousand for the feasibility study necessary to launch the U.S. 24 project.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you.

Now to our colleague, Congresswoman Kaptur of the 9th district in Ohio.

Ms. KAPTUR. Thank you, Mr. Chairman of the subcommittee, Chairman of the full committee, and members of the committee. I consider it a real honor to appear before you this morning.

I wish to lend my support also to the feasibility study of $300 thousand for the Route 24 project. Basically, this roadway currently runs along the Maumee River between Ohio and going into Indiana. It is probably an old cowpath or Indian path and over the years has been overwhelmed by traffic. I would ask the commit-

tee's consideration to place this on the National Highway System as a major step toward consideration of the funding of the highway.

It is interesting to note that both Fort Wayne, Indiana and Toledo, Ohio are among the 100 largest cities in the United States, and this particular segment of roadway is one of the few pairs without a four-lane connection. I also wanted to reiterate what my neighbor and colleague, Paul Gillmor, has said about the importance to the automotive and agricultural industries of this particular segment of roadway.

Also, from a very selfish standpoint, our community has been working very hard to create a Heritage Corridor of national significance along the Maumee River section in Ohio in my district. One of the problems in doing that is trying to get the traffic away from the Riverfront, which is a real conflict, and we have been working with the U.S. Fish and Wildlife Service in this regard. So this particular segment of roadway being moved onto a four-lane highway away from this area which will likely be designated a National Heritage Corridor would be most helpful.

I fully support the efforts of my Indiana colleagues, Congresswoman Long and Congressman Jontz, and appreciate their leadership on this as well.

I have several other items I would like to testify on, and so at the appropriate point, Mr. Chairman, my colleagues may wish to be excused.

We appreciate your consideration.

Mr. MINETA. Let me ask about U.S. 24. Mr. Gillmor, you have indicated that this has the high priority for Ohio's State legislators in the region. I was wondering, is this on let's say a five-year capital improvement program or some kind of a priority listing for the State of Ohio Department of Transportation, or have they included this also on the map that the State of Ohio might have submitted to the Federal Highway Administration as part of the Highways of National Significance?

Mr. GILLMOR. It was my understanding, and Congresswoman Kaptur I think would agree, that it is.

Ms. KAPTUR. Yes, Mr. Chairman. I would be happy to state for the record that our local metropolitan planning organization, TMACOG, has placed this improvement on its list of priorities submitted to the State of Ohio and all 11 of the Ohio State legislators in northwest Ohio have agreed that this is a top priority and the project was ranked as first priority by the Greater Toledo Area Growth Commission.

Mr. MINETA. And will the State of Ohio be putting together their own list of priorities as a result of these submissions then from the area legislators?

Ms. KAPTUR. That's right. And we expect this will definitely be right at the top.

Mr. MINETA. And this will be one of the top projects. Fine.

Any other questions?

The CHAIRMAN. Mr. Chairman.

Mr. MINETA. Chairman Roe?

The CHAIRMAN. I want to thank the panel for splendid testimony. I know all of you have been very strong supporters of the transportation program throughout the country.

But I want to raise the horizon of the debate a little bit, starting with our good friend, Jim Jontz, that he set the stage for all of your testimony and you seem to have followed along in that direction—but I think, for the record, it seems to be wrong in the country if you haven't been blessed with a deepwater port or a navigable river, for example, geographically, or in the early history of the country that a railroad wasn't built through your area, particularly in the central part of the Nation—and this was very carefully brought out by Glenn Poshard when we had a hearing out in St. Louis recently, that the rest of the country is then left behind economically. So really for the areas of the country that don't have natural geographical items that help them in their economic development from a transportation point of view, that your highway transportation system is essential to the economic development. And I think that point ought to be made. I think that parts of the country have been left out from economic dynamics. I wrote a note to myself on the competitiveness of the industry in the area. They are not going to locate there unless you have adequate transportation.

Fundamentally, transportation creates the foundation of the new wealth of this country or the jobs and the opportunity. I think we have to stress that more. So it is not the idea that we're coming to the committee and saying alone we need to expand this highway by two lanes, or we need another route out in that area. What we are coming and saying is that part of America is being left behind economically as the country goes in the future, unless you have adequate transportation. Is that a fair comment to make?

Mr. JONTZ. Mr. Chairman, you have put it as eloquently as I have heard. Towns like Wabash, Peru, Logansport in Indiana actually started as riverports on the Wabash and Erie Canal. Then they became railroad centers as the rails stretched to the west. But, of course, the transportation today is different, and without four-lane connections to other cities, like Fort Wayne, their economic future is very cloudy. So we literally left behind a number of very important communities, certainly in my district and in numerous other districts around the country, unless we provide that connection with the modern highway. And you have stated very well the importance of these sorts of projects to the economic future of these communities.

The CHAIRMAN. So we're saying that the citizens that live in the areas that do not have natural geographical or amenities of that nature are dependent upon what transportation can achieve for their economic growth. Is that a fair comment to make?

Mr. JONTZ. Absolutely.

The CHAIRMAN. Okay. Thank you, Mr. Chairman.

Mr. MINETA. I now call on my colleague from Ohio, Mr. Applegate.

Mr. APPLEGATE. Thank you very much.

I was just going to ask one question of my colleagues. How long is this corridor, if you wish to call it that, from Toledo to Lafayette? And are you talking about an improvement or relocation of

the entire area or parts of it, or is it four-lane at any parts of it now?

Ms. LONG. Yes. Without adding up our various figures in the districts, I can't give you an answer on the total length of it, although we can submit it for the record. But part of it is four-lane. Much of it in my district is four-lane, some of it in Congressman Jontz' is four-lane.

Mr. APPLEGATE. So you are not talking about the whole thing; you are talking about portions that you want to relocate or improve?

Ms. LONG. That's right.

Mr. APPLEGATE. And what you are looking for is a $300,000 authorization for a feasibility study, which of course does not seem to be a very high amount of money; and for the purpose for which you hope that it will serve, I think that it certainly would be very useful. I can agree with my distinguished Chairman, Mr. Roe, that transportation does play such an extremely important role when we're talking about economic development. When anybody is going to come into an area, as anybody knows if you are trying to get them in, they are going to be looking at transportation as one of the very important criteria. A good transportation system, a good educational system, a good tax base, and a good attitude of the people are what they look for. And if you don't put all of those together, forget about it because they just aren't going to come in. But transportation is right at the head because they have got to be able to get their goods out of there and into market. And I think it is very important.

But it always comes down to the question as to where do you put transportation monies. You put it where the people are all moving in. We're losing in our area—like Ohio, we're losing our political base because the population is going into other areas. So do you push this money into these other areas to try to help them meet the growing needs, or do you try to put it back into the other areas to enhance the economic growth so as to give them an opportunity. In the case of Ohio and I think perhaps Indiana, we have been donor States for so long—in other words, we are throwing a lot more out than we're taking in——

The CHAIRMAN. Would the gentleman yield?

Mr. APPLEGATE. Sure.

The CHAIRMAN. I think you are making—and that's the point I tried to develop with this distinguished panel—I think you're making an extremely important point that has to be made during this whole set of hearings we're having in the sense of when we talk about not spending our resources. Investing the resources of this country in the infrastructure program, in the transportation program, and we start talking about highways of national significance, even though I come from a highly urban State, that frightens me a bit as far as Ohio is concerned, and Indiana is concerned, and Montana is concerned, and the Dakotas are concerned, and so forth, because how we determine what the scope of those Highways of National Significance is going to be is going to use up 60 percent or 65 percent of the funding. So there is going to be very little left unless Congress makes—and as Norm Mineta is working on so vigorously—makes some very major decisions as to what kind of re-

sources are going to be put here. There is going to be very little left to get back into the States that need the kind of help you're talking and the panel is speaking to.

So I think that the criteria of the Congress ought to raise; the new horizon ought to be saying that the idea of being able to have parts of America participate in the economic development and provide jobs and opportunity for their people ought to be part of the fundamental premise or criteria that we're dealing with. That it ought not to be—if we're talking about a transportation system for the next 10 years and the 21st century—it ought not to be based alone on just patching and filling and repair of the highways that were built and to abandon the rest of the country. I think that's the strong point you're making, and I think the gentleman is correct.

Mr. APPLEGATE. I thank the Chairman for making that point. He articulated it extremely well and he gets back, Mr. Chairman, to the very thing I was talking about before. These areas, in dire need of all of this are the very areas that are losing their industrial base or population and, therefore, do not have the total ability to be able to meet that so-called attractive program that has been thrown out by the Administration on the 60–40 basis. I mean, if it is $1 million, it sounds good if they are going to give you $600,000 if you come up with $400,000. But if you are in a depressed area, and a lot of areas in Ohio and up in that area may well be too, where are you going to get the $400,000?

That's what the problem is and that's why I think we should tap that surplus, and on a needs basis set up a criteria by which we can tap into that so if it is going to be a 60–40, those certain areas that need it, that have been hurt, can say come up with 20 while the State or the local would come up with the other 20. And I think that makes sense and that is something that I am going to be working on.

But I want to commend you for what it is that you are trying to do. I support it.

Mr. MINETA. If there are no further questions of Congressmen Gillmor, Long, and Jontz, let me——

Mr. VISCLOSKY. Mr. Chairman.

Mr. MINETA. Mr. Visclosky.

Mr. VISCLOSKY. Just for the record, because much has been made during the last several months about local and State support for projects, I might ask my colleagues from Indiana about the State commitment to the Hoosier Heartland project.

Mr. JONTZ. Yes, in fact, the State does have in its construction program the Wabash to Huntington and the Logansport to Peru segments which would be completing the four-laning of the highway from Logansport to Fort Wayne, with construction hopefully to begin in 1993 for the one segment and 1994 for the other, depending on revenues. We are requesting that a $20 million authorization over the five years, which would be $4 million for each of five years, and that is of a total construction cost of $103 million for these two segments.

Mr. VISCLOSKY. Great. Great. In terms of my colleagues from Ohio, I might point out on a personal note that I can still remember my second month in office Congresswoman Kaptur was kind

enough to visit northwest Indiana to see a steel mill for herself. And I have a high regard, Mr. Gillmor as well as Ms. Kaptur, for your commitment in terms of industrial and economic development, and certainly would also lend my personal commitment not only to the Indiana project, but also to the important roadway in Ms. Long's district.

Thank you very much for your appearance.

Thank you, Mr. Chairman.

Mr. MINETA. Any other questions of the panel? Otherwise, we will dismiss all those except for Congresswoman Kaptur who, I believe, wishes to proceed with her statement.

So, Marcy, you may proceed with your statement.

Ms. KAPTUR. I thank you, Mr. Chairman and members of the committee. I recognize that you are weighing the most significant changes to the process by which the Federal Government funds both highways and mass transportation since the creation of the Interstate System almost 30 years ago. I will submit my full comments for the record, but there were a couple of other points I wanted to make in order to be an ally in your efforts to move this bill in a comprehensive manner.

The proposal the Administration has offered I think provides a good framework, but in certain ways misses the mark, as Congressman Applegate was indicating, when it deals with problems in metropolitan America and also in certain growth corridors.

The first point I would like to make there deals with the point he was raising regarding the Federal-local match issue. All of my local highway people and mayors and county commissioners and engineers have come to see me on this point. The major issue that they have talked to me about is the increase in the State and local match. Basically, no changes in our opinion should be made in the current Federal-local matching ratios for both highway and mass transit programs, certainly not for older areas of the country where unemployment remains high and infrastructure needs surpass the ability of local and State governments to respond fully. In our region, because we are the heart of manufacturing America, we are currently undergoing a recession, and in our communities our local governments are having to cut money from their budgets. I can tell you for a fact that our city of Toledo has had problems even making the 25 percent match much less being able to find 40 percent, as proposed by the Administration.

In addition to that, and I am speaking on behalf of all of our local officials, the matching ratios should be 90–10 for the National Highway System to include only the 3R program, which is the current matching ratio for the Interstate System. The matching ratios for the National Highway System fourth R, Reconstruction program and for the Urban/Rural program should be 75–25, with the matching ratios for the Bridge program and the Mass Transit program at 80–20. That's what they feel comfortable with.

Secondly, Mr. Chairman and members, I did want to mention that Ohio is a minimum allocation State. The Administration's proposal eliminates minimum allocation. Supposedly, the new distribution formula manages the problem satisfactorily, but we do not know that for certain.

Therefore, our communities' representatives would recommend that the Minimum Allocation should be increased from 85 to 90 percent. The Emergency and Discretionary Funds should not be subtracted from the State's Minimum Allocation. Further, we would recommend that research on the proposed formulas should be undertaken to ensure that Minimum Allocation States such as Ohio receive equitable shares.

I would now like to move on to another point dealing with the National Highway System itself. The Administration is proposing a new National Highway System of 150,000 to 165,000 miles. The Administration has proposed the 150,000 mileage limitation which, in effect, is not sufficient to provide adequate funding for the most important non-Interstate routes serving regional centers, airports, cross-region movements, and ports, and I do represent a major port on Lake Erie.

My concern here is that we may be about to build the "Son of Interstate" when the real needs are not so much in inter-city travel along, but in movement within our regions and within our urban areas.

We would recommend that the National Highway System be based upon functional classification and vehicle miles of travel. And we recommend that the mileage of the NHS system should be increased so as to include approximately 3 percent of the rural mileage and 8 percent of the urban mileage. This would, in essence, split the Principal Arterial system into two parts—the National Highway System and Principal Arterials.

Fourth, I wanted to mention that there should be two separate and independent categories of funds for the Urban and Rural program, and each should be established based on the criteria of population, lane miles, and area.

Fifth, in the area of mass transportation, I would like to applaud the committee's recommendation of $6.7 billion for mass transit. There is a need in my community for sure to continue the Federal operating assistance. I can tell you that if it were discontinued, our local transit authority would have to begin an immediate reduction in service in order to accommodate that loss. Operating assistance should be retained; in fact, it needs to be restored to the level that it was back in 1981.

And if I might direct the committee's attention to one very small but important section of the bill which deals with charter operations for transit authorities. I would ask your consideration of an amendment to permit a public operator to do some charter work in their own community. This position is supported by the American Public Transit Association. Without a change in the law, my local authority is prohibited from doing charter work but literally has to go through a private operator in order to do that.

Sixth, I would like to mention the role of Metropolitan Planning Organizations, very important to us in establishing our own highway planning and development priorities. Over the last two decades, many more Federal requirements have been placed on these authorities; however, only a half a percent of PL funds allocated to the Metropolitan Planning Organizations are allowed. In fact, the amount of money allowed to them has been cut by half. I would like to recommend to the committee that it consider an increase in

funding to these Metropolitan Planning Organizations of 2 percent of the annual combined highway and mass transit programs. My testimony indicates in lengthy terms all of the new requirements placed on these organizations and why we are asking for this special consideration.

Finally, Mr. Chairman, I would like to move again to some of the projects of most significance to my particular region of the country. Toledo, Ohio is a major port city that sits at the western basin of Lake Erie. In fact, from the Fort Wayne area, all of the roads and railroads come up into our Toledo area. I am going to mention four projects that I would ask the committee's consideration of.

The first, and this is a major one, involves the replacement in our region of one of the two remaining lift bridges on the National Interstate System. There was a story in the paper yesterday you will also be considering one here in the Washington area, and the article said it was the last remaining lift bridge on an interstate. Wrong. There is one in Toledo, Ohio, and we need your attention to that one.

We are the major coal shipping port on Lake Erie and we are a major agricultural and manufactured goods exporting port as well. We are the third largest rail switching center in the country. The bridge I am talking about is a part of I-280 and it was first opened in 1957. It is a single span bascule lift bridge that is over 30 years old and is required to lift around 1,000 times a year. It is the most incredible thing you've ever seen because this particular segment of highway connects Detroit, Michigan, Windsor, Ontario—the traffic goes north from Ohio into Michigan, and also south down to Dayton/Cincinnati, as well as trips that go east to Cleveland, and along Route 2 and the Ohio Turnpike.

All the traffic that flows through this area is hampered every time this lift bridge has to lift, as well as because of the boat traffic that comes out of our Maumee River which goes into the Lake. A major national highway has to have a lift bridge on it and it creates major congestion problems in our areas.

The current I-280 segment with the lift bridge has a design capacity for a daily traffic capacity of 50,000. It currently carries about 80,000. And by the year 2010, it is anticipated that it will have to carry 96,000 average daily traffic count. So it is already over capacity and needs to be rebuilt anyway.

We are asking for funding from the committee initially to undertake the cost of environmental studies on options for this river crossing. We don't know whether it should be a high level bridge, whether it should be a tunnel, and we need $1 million to help the local community do environmental studies. They are already doing their feasibility studies and the testimony summarizes all the money they've spent on this already. We estimate the total cost of this project ultimately could be anywhere between $100 and $350 million, but we first need to start with the environmental studies. That is the top priority of our community and our region.

The second priority I would ask your attention to would be funding in the amount of $300,000 for railroad corridor studies. We are the third largest rail center in the Nation and most of these railroads feed into the port and serve local manufacturing and regional manufacturing.

Railroads have always been an important part of our section of the country. Ohio is a very industrial state. At one time, eight major railroads served our city. But even in this post-merger era of today, four Class I carriers and one regional line serve Toledo. The Conrail main line crosses the Maumee River and we also serve as a major Amtrak route between Chicago and points east.

Our local MPO has been identifying significant rail corridors and six have been selected as high priority for detailed study—these are listed in the testimony—and funding is now needed to do a detailed analysis for each of the six corridors with a team for each corridor. We have got to grade separately, we've got to relocate spurs and lines. The request of the committee would be to help us proceed in this rail corridor study area.

Thirdly, another request is in railway-highway crossings. We are especially hard hit because we are the third largest rail center in the country with a number of rail-related deaths. The testimony summarizes how many there are, and 80 percent of these fatalities were at crossings with only a standard railroad crossbuck and most were in rural areas.

My understanding is that the Administration's bill repeals the Railway-Highway Crossings program along with an authorization of funding. I would just please ask the committee if you could continue to keep a separate program that would guarantee funding for railroad crossing improvements, it would mean a great deal to my area.

Further, and the testimony goes into this in detail, on reflectorization. New reflective material for rail cars is being developed that is expected to have a little bit better retention of reflective intensity, be more resilient to dirt and easier to clean. I would encourage the subcommittee to review all efforts in reflectorization because of the number of rail accidents. Canada has required railroad cars to be reflectorized for over 30 years. And a three-sided reflector has been designed by the Conrail team at the main rail yard in Columbus, Ohio. And I understand that the FRA, the Railway Administration, is now testing this device in Pueblo, Colorado. I would like to ask the committee to do whatever is in its power to get better reflectorization on these cars because we have accidents every week, very significant ones, and there ought to be more that should be done in this area of reflectorizing the cars. If we can land a man on the Moon, there ought to be a way that we can reflectorize trains in the United States to try to cut down on accidents.

Finally, the last item, which is a fairly small one, deals with the whole issue of Federal signage on highways. This is trying to identify, in order to deal with competitiveness and get communities to be able to have people come into the communities, some of the major significant farmers markets, museums, and so forth that are currently in those communities.

Dealing with the Federal Highway Administration on signage, I would encourage the Highway Administration to be flexible when it considers sign regulations on Federal highways. I would like to advocate and ask the committee's help that the following types of signs be eligible for Federal funding on all construction projects. First of all, construction zone and maintenance signing, detour signing, replacement or upgrade of all regulatory signing to include

replacement of overhead sign structures. We estimate that many important economic developments in our communities, such as our farmers market, loses thousands of people a week because of inadequate signage that comes off the major Federal highways.

I would very much appreciate the committee's consideration in all of these areas. And I thank you very much for my lengthy testimony and wish to submit the remainder of it for the record.

Mr. MINETA. I want to thank you very, very much, Congresswoman Kaptur, for your very comprehensive and detailed testimony on these projects. It shows that you have really studied not only the specifics of the projects that you have presented but compared them to the Administration's bill that is pending before us as it relates to the Surface Transportation Assistance Act for 1991.

Let me just ask with regard to your testimony on the river crossings. Under the Administration bill, they would permit the use of Federal Aid Highway funds in conjunction with toll revenues for the construction of toll facilities. I am wondering would the use of Federal Aid Highway funds along with toll revenues provide a sufficient funding source for the construction of the Maumee River crossing?

Ms. KAPTUR. Mr. Chairman, that's a very good question and the testimony details that issue. To date, the feasibility studies that have been done by the local community have indicated that toll revenues would not be sufficient, that major Federal funding would be needed for the construction of a major river crossing such as this one. So the tolls are somewhat unrealistic in view of the placement of this particular facility. Tolls would not be sufficient to cover the long-term costs of construction.

Mr. MINETA. Your point about Metropolitan Planning Organizations and their importance is recognized in the Administration bill, and I think we will go further than they have because one of the keystones I think of this legislation that we're talking about is flexibility. But the way to make flexibility really work is to have good, strong regional planning agencies. I think we're going to do more to try and encourage the technical assistance that many of the MPOs and councils of governments are going to need in order to make flexibility a workable solution in addressing those local needs.

Now the portion dealing with Federal Railway Administration would, of course, deal mostly with the Energy and Commerce Committee, although your point is well taken about the highway rail grade crossing program. That has been eliminated in the Administration program and that is something that I don't believe we will be doing in our own legislation here in the House. So the issues as they relate to reflectorization would probably more validly be addressed to the Federal Railway Administration through the Energy and Commerce Committee.

I want to thank you again for your very fine testimony and the points that you have made in there.

Ms. KAPTUR. I thank you, Mr. Chairman, Chairman of the full committee, and members.

Mr. MINETA. Chairman Roe?

The CHAIRMAN. Well, I, too, share in the comments by the Chairman of the subcommittee in thanking you for exceptionally good testimony.

I think that the one point that is clear, you spoke to the issue of the regional planning issue, which I certainly concur with and I think Norman has come right on that. But let me play the Devil's advocate here. It seems to me if we are talking about flexibility and intermodality, it reminds me of the work that's going on in California in the Alameda corridor, which is very analogous to what you are talking about—the harbor being there, there are three different rail lines involved, there's 123 grade crossings, there is a trucking issue involved—and the State of California has coordinated that so that they've got a whole plan as to how to work that out, if I'm making any sense to you. It seems to me that the State ought to be looking to the point of view if we're going to build a new bridge, how does that affect the cargo involved in the Toledo port, what are we doing in the Toledo port, what is the expansion of the Toledo port as far as depth of channels are concerned, the river traffic, and so forth, so that you have a whole program going as far as improving the Toledo port and that also includes the rail aspect of it. Do I make sense to you?

Ms. KAPTUR. Yes, Mr. Chairman, you do.

The CHAIRMAN. In other words, there ought to be, I think, a master plan for the Toledo port that brings in these different issues. I believe that we have got to speak in this legislation so that we're no longer Balkanized; we don't have transportation here and aviation other here and then ports over here. I think they are all one and the same from my point of view. So I would hope that we can start to move in that direction.

I, too, want to thank you for your splendid testimony.

Ms. KAPTUR. Mr. Chairman, I really support what you say. One of the realities at the local level is, we were asked earlier by the Chairman did our State indicate that Route 24, which was the other project we were supporting, was it a top State priority. The State is just in the process of getting its full priority list together. These will be on it. But just the technical job of assembling the paper at the local level from all these different entities and the few staff people that are available locally to work on this in the local highway office—and I am talking about the TMACOG office—they couldn't even get the rail corridor studies finished. I mean they are just overwhelmed with what they have to do. You are exactly right, they need to go into the intermodal type of plan. I think they have just sort of been rowing their boat so hard to avoid the high——

The CHAIRMAN. Then what you are saying is, that even at the local level, so to speak, the capability isn't there unless we provide the resources to be able to do that.

Ms. KAPTUR. I think so.

The CHAIRMAN. I thank the Chairman.

Mr. MINETA. Any other questions of our colleague? If not, thank you very, very much, Congresswoman Kaptur, for your presentation.

Ms. KAPTUR. I thank the committee and look forward to working with you on this.

Mr. MINETA. Absolutely.

[Ms. Kaptur's prepared statement follows:]

TESTIMONY
The Honorable Marcy Kaptur
Subcommittee on Surface Transportation
Committee on Public Works and Transportation
April 10, 1991

Mr. Chairman and Members of the Committee, I welcome the opportunity to testify before you regarding the proposed Surface Transportation Act. I recognize that you are weighing the most significant changes to the process by which the federal government provides funds to the surface transportation system, both highways and mass transportation, since the creation of the Interstate System almost thirty years ago. The proposal of the Administration is a good framework which does contain many laudable objectives and tends to improve on the delivery system of federal funds to states and local governments to meet national objectives. However, it misses the mark when it deals with managing the transportation problems in urban America.

When the federal government first became involved in the surface transportation system in the early 1900's, it was to solve issues which involved a major segment of its population, the rural population by "getting the farmers out of the mud." Today, the United States is primarily composed of urban centered metropolitan regions. Modifications are needed to more adequately meet the needs of the majority of our population in the United States who live in metropolitan areas, and to adequately meet the needs of rural America, as well.

FEDERAL/LOCAL MATCHING RATIO

The major issue which has been raised in my district relative to this bill, is the increase in the local and state match which would be required under the Administration's proposal. No changes should be made in the current federal/local matching ratios for highway and mass transit programs, certainly not for older areas of the country where unemployment remains high and infrastructure needs usurp the ability of local and state governments to respond fully.

The proposals by the Administration would shift undue financial burden on states and local governments, force additional local taxes and/or diversion of funds from other state/local priorities, and/or allow some units of local governments to avail themselves of the federal funds. In particular, during this recessionary period I would like to note that the City of Toledo has had to balance its budget by cutting $17 million and by reducing its services and laying city employees off. Today, and even in better times, Toledo has had problems with the existing match of 25%. It could not find the funds to match at 40% as proposed by the Administration. Now, the Administration indicates that it is reducing federal red tape in this proposal. A year ago, I proposed to do that. Local officials cannot afford to trade promises for less red tape for real dollars of local match.

The matching ratios should be 90/10 for the National Highway System to include only the 3R program, which is the current matching ratio for the Interstate System. The matching ratios for the National Highway System fourth R (Reconstruction) program

and for the Urban/Rural Program should be 75/25, and the matching ratios for the Bridge Program and Mass Transit Program should be 80/20.

MINIMUM ALLOCATION, EMERGENCY, AND DISCRETIONARY FUNDS

Ohio is a minimum allocation state. We provide more highway taxes to the federal government than it gives back to us. Fortunately, a few years ago, Congress passed a minimum allocation of 85%. The Administration's proposal eliminates Minimum Allocation. Supposedly, the new distribution formula manages the problem satisfactorily, but we do not know that for certain.

Therefore, the Minimum Allocation should be increased from 85% to 90%. The Emergency and Discretionary Funds should not be subtracted from a State's Minimum Allocation. Research on the proposed formulas should be undertaken to ensure that Minimum Allocation States such as Ohio receive equitable shares.

NATIONAL HIGHWAY SYSTEM

The Administration is proposing a new National Highway System (NHS) of 150,000 to 165,000 miles. In the exercise conducted in 1990 in which the states and Metropolitan Planning Organizations worked with the FHWA in identifying the National Highway System, there were three levels of National Highway System proposed. They were Basic, Secondary and Optional Systems which contained 3%, 5%, and 9% of the road mileage, respectively. As a result of this, the Administration has proposed the 150,000 mileage limitation which is, in effect, the Secondary System. In urban areas, this is not sufficient to provide adequate funding for the most important, non-Interstate routes serving regional centers, airports, cross-region movements, and ports.

My concern here is that we may be about to build the "Son of Interstate" when the real needs are not in inter-city travel but in movement within our regions and within our urban centers.

The NHS system should be based upon functional classification and vehicle miles of travel. USDOT guidelines provide that 2-4% of the rural mileage should be on the Principal Arterial System and that 5-10% of the urban mileage should be on the Principal Arterial System.

I am recommending that the mileage of the NHS should be increased so as to include approximately 3% of the rural mileage and 8% of the urban mileage be included in NHS. This would, in essence, split the Principal Arterial System into two parts: NHS and Principal Arterials.

In developing the NHS in the urban areas and in urban connectors, MPOs should be involved in defining the criteria to select the system and in selecting the system. State DOT's should also work with local elected officials through rural

regions where they exist. Mileage allocated for each state should be sufficient to support the national goals. The urban/rural split should support our nation's character.

THE URBAN/RURAL PROGRAM

Relative to the Urban/Rural Program, there should be two separate and independent categories of funds for the Urban and for the Rural Program. Each should be established based on criteria of population, lane miles, and area. The Urban Program should be based on a process administered locally by the MPO through a cooperative process involving the state, local elected officials, and operators of public transportation.

I support the proposal to minimize federal control over projects in the Urban/Rural Program through a block grant approach with controls through the Transportation Improvement Program. However, we need to be sure that we do not in the future load down the transportation programs with endless mazes of regulations. As I said a year ago, one of the major complaints which I hear from my local officials and the general public on federal aid highway funds is that there are too many rules and regulations which result in the projects costing too much and taking too long to plan and to build. The federal system of collecting highway dollars is very efficient. We need to make changes in the next transportation bill so that we can deliver federal highway dollars more efficiently and effectively. The Administration has addressed these concerns. Now we need to make sure that we do not slowly slip back into a morass of regulations.

MASS TRANSPORTATION

Mass transportation is vital in our urban areas and serves significant needs in rural America. It provides transportation to the elderly and persons with disabilities. Mass transit also provides the mechanism to improve our air quality, conserve energy, and improve our environment. Yet, the Administration is proposing increases in the funding of highways, with small increases in funding of public transit. I applaud the Committee's recommendation of $6.7 billion for mass transit. Furthermore, there exists a need to continue the federal operating assistance within the program. If operating assistance were discontinued in Toledo, the Toledo Area Regional Transit Authority would have to begin an immediate reduction in service to accommodate that loss. Operating assistance must be retained -- in fact, it needs to be restored to the level of 1981.

The section of the bill which deals with charter operations needs to be amended to allow a public operator to do some charter work in their own community. This position is supported by the American Public Transit Association. For example, in my home community of Toledo, the local authority needs to do charter work but it has to go through a private operator. The public operator

does the work, but the private operator receives the profits. This is very unfair for the public operator and the party that wishes to charter a service.

METROPOLITAN PLANNING ORGANIZATIONS

Metropolitan Planning Organizations, which were first created by the federal government three decades ago, have grown and are now maturing. There are many different types and styles. But in all of our urban areas, they provide the mechanism by which the state and federal government can work with local elected officials and the way that local officials can work together to manage ever complicated urban and regional problems. Therefore, I want to congratulate the Administration for its recognition of and expanded role for the nation's Metropolitan Planning Organizations. However, once again we do not put the funding where we put the emphasis. Over the last two decades, the half percent PL funds allocated to the MPOs has decreased in value by at least 50%, while the planning regulations and requirements have continued to increase and will increase more under the new bill.

Planning and programming in the nation's Metropolitan Planning Organization obligate such diverse activities as: meeting requirements of the Clean Air Act; seeking innovative solutions to urban congestion and energy conservation; accommodating new MPOs designated as a result of the 1990 Census; incorporating the new data from the 1990 Census into regional data bases and transportation models; assisting in planning regional paratransit systems required under the Americans with Disabilities Act of 1990 and the U.S. Department of Transportation Regulations; supporting the states in the development of pavement management, bridge management, safety management, and congestion management systems, as called for in the new bill; assisting the states in the designation of a National Highway System (NHS) and new functional classification of highways as called for in the USDOT reauthorization proposals; strengthening the coordination of transportation planning with land use planning; the emphasis on multimodal considerations, and the consideration of transportation related air quality problems as called for in the new bill.

NORTHWEST OHIO TRANSPORTATION PROJECTS OF SIGNIFICANCE

There are five transportation projects in Northwest Ohio of significance from the federal prospective. They are (1) the replacement of one of the two remaining lift bridges on the national interstate system, (2) the construction of a new four lane expressway connecting two of America's cities over 100,000 which will provide competitive advantages both to our auto industry and agriculture sector, (3) the planned improvement of urban railroad corridors so as to make the highway system safer and more efficient, to improve the efficiency and safety of the railroad system, and for the overall improvement of our

competitive advantage in the transportation system, (4) funding for railroad highway crossings improvements in rural areas and (5) proper signage on highways to improve the accessibility to areas of importance to a particular community.

NEW MAUMEE RIVER CROSSING

The Maumee River is the largest tributary which flows into Lake Erie. The River is an asset to the continued vitality of the Toledo area and Northwest Ohio. It provides the area with a transportation link to world markets and recreational opportunities all year round. However, the River also bifurcates the areas and is a major impediment for surface transportation: local, interstate, and international.

Toledo is the major coal shipping port on Lake Erie and a major exporting port for agricultural and manufactured goods. This region also is the third largest rail switching center in the nation. The I-280 (Craig Memorial Bridge) was opened in 1957. It is a single span bascule lift bridge that is over 30 years old and is required to lift around 1,000 times a year. When this facility was built, it was to serve both as a replacement for an old bridge and for traffic between Detroit and the Ohio Turnpike. It preceded the Interstate System, and unfortunately, the Saint Lawrence Seaway. Therefore, a lift bridge was decided to be more economical than a high level bridge. The bridge serves local traffic and provides for inter-city movement from Detroit, Windsor and points north and to Dayton, Cincinnati and points south as well as trips around the tip of Lake Erie to Cleveland and points east via State Route 2 and the Ohio Turnpike, I-80/90 at Gate 5.

The I-280 Bridge serves both of these trip purposes by virtue of its location and design. The bridge and I-280 directly connect the Ohio Turnpike and I-75. However, the Bridge also has interchanges located directly on either approach for two major Toledo streets: Summit Street and Front Street, which serves the Port of Toledo. Merge-weave sections for the interchanges on to the bridge are substandard and inadequate because of the close proximity of these streets.

The bridge carries four travel lanes and has a design capacity of about 50,000 Average Daily Traffic (ADT) and a breakdown capacity of 80,000 ADT. A bridge tender employed by ODOT is on duty 24 hours per day in a control tower on the northern approach. It is one of only two lift spans on the Interstate system in the United States; the other is the Woodrow Wilson Bridge in Washington, D.C.

There are more than 60 openings per month for 9 months of the year. The nature and design of the Craig Bridge present three separate types of inadequacies which negatively impact the area and interstate travel which justify the construction of a crossing of the Maumee River. These are delays and costs associated with the following:

- the opening of a lift span bridge on a major limited access facility;
- inadequate traffic carrying capacity of the bridge; and
- increased maintenance required for a structure of this type and age. Maintenance problems are compounded because the bridge is now carrying heavier truck traffic weight loads of 150,000 pounds, as cargo moves to our Port and railroads.

FUNDING SITUATION

Funding is needed to assist the local entities in undertaking the cost of the environmental studies on the options for crossings, the next step in the process. I would like to request that the Committee consider authorizing $1 million for this purpose.

FY 1992 Environmental Studies, partial cost.....$1,000,000

Without any federal assistance, local governments in the Toledo area and the Ohio Department of Transportation (ODOT) already are undertaking a $585,000 Feasibility Study for a new crossing of the Maumee River to replace the aging lift bridge on I-280. The City of Toledo, the City of Oregon, Lucas County and the Toledo-Lucas County Port Authority are each contributing $90,000; the Toledo Metropolitan Area Council of Governments (TMACOG) is contributing $175,000, and ODOT is contributing $50,000. The study is being conducted by TMACOG. The study was started in March 1989 and will be completed in October, 1991. The environmental studies are expected to start this fall with anticipated completion in 1994. Federal assistance will also eventually be required for engineering and construction. Keeping this in mind, I would like the record to show support for this project and hope that it will be a priority for the federal government. Costs for the project are estimated to be between $114 million and $361 million depending upon the location and whether it is a bridge or a tunnel. The Maumee River Crossing Task Force looked into tolls to finance the bridge but found that this route was not feasible on its own to pay for the crossing.

Futhermore, a process needs to be established to expedite environmental and related studies, detailed engineering, and construction to show that with local, state, and federal governments working closely together, a project can be completed in a reasonable length of time. (see Appendix)

HISTORY AND WORK TO DATE ON A NEW RIVER CROSSING

In December, 1988, the TMACOG Year 2010 Transportation Plan was adopted. It provides an areawide guideline for transportation investments over the next twenty years. The 2010 plan concluded that the foremost priority of the region was to immediately start planning for a new river crossing situated

somewhere from I-280 downstream to Maumee Bay. Building a new facility would require continuing cooperation among the many government agencies and groups directly involved. This includes all levels of government, local agencies, authorities, organizations, the private sector, neighborhood groups, and the public at large. TMACOG has assumed the responsibility of coordinating this effort among these groups and initiating a new Maumee River crossing feasibility study.

After the adoption of the 2010 Transportation Plan, TMACOG started the initial steps for a feasibility study of a new river crossing over the Maumee River. The objectives of the Maumee River Crossing Feasibility Study are to undertake a preliminary planning, engineering, and financing study so as (1) to select the location of a new river crossing of the Maumee River downstream from the Craig Memorial Bridge (I-280), including replacing the Craig Memorial Bridge, and (2) to determine how to fund the project, including all types of federal state, local, and authority funding, public and private, toll or free. The study is being undertaken with a consultant team under the supervision of TMACOG staff with guidance from the TMACOG Maumee River Crossing Task Force. This task force has representatives from the five state and local groups which provided the funding, the Toledo-Lucas County Planning Commission, the private sector, neighborhoods, and environmental organizations.

The Task Force worked quickly to lay out a timeline for the project which included searching for and selecting an engineering firm to produce the Feasibility Study. By March of 1990, the nationally known firm of Figg Engineering with a team of specialists, including the local firm of Dansard, Gronke and Long, had been put under contract.

Prior to selecting a firm for the study, the Maumee River Crossing Task Force held its first set of public meetings in November of 1989 to announce and explain the feasibility study. A second set of public meetings in February 1990 allowed the public and private sector and citizens to suggest all of the possible alignments for a new river crossing. A month after the consultants were under contract, the Task Force conducted a field review workshop which detailed the Feasibility Study and included a tour of the potential crossing corridors.

During the beginning of the study, corridor limits were established and alignments that went out into the Maumee Bay were excluded. These posed too many obvious environmental and wetland problems, potentially high cost and reduced traffic flow. The public and private sector were again asked to participate in public meetings during August, 1990 to develop guidelines for selecting the best routes. Afterwards, more potential alignments were deleted from the study due to their location in the middle of neighborhoods, a park, hazardous waste sites, wetlands and so forth.

The alignments that were left were presented at a set of

public meetings in September, 1990. As a result of the public input, the Task Force chose five sites to study in depth. Next on the Feasibility Study list was a look at the ways of financing a new river crossing. Until this time, the feeling was that tolls could be used to finance the project. After a financial workshop in November, 1990, the Task Force and consultants found that none of the alternatives could be paid for by using tolls alone. A partnership between local, state, and federal funding would be necessary.

This funding objective has since led to a number of other changes in the project, the most critical being to closely align the current study with ODOT guidelines for developing new highway projects which were developed to meet the requirements of FHWA. Conforming with ODOT's guidelines means that detailed environmental impact studies will be conducted on all feasible alternatives, including the "no build" option. Selecting the implementing agency and the method of funding will be delayed until completion of the environmental impact studies in three years. Contract revisions with the engineering team were necessary and completed in late March of this year.

WHAT IS NEXT

Public meetings continue. The outcome of the financial workshop, how that has changed timelines for the study, and assessing the remaining alternatives remain the main topics of discussion. Once these meetings are completed, the consultants along with the Task Force will take all of the information gathered and use it to select the best corridors for a more detailed analysis. This step of the feasibility study should be done in the fall of 1991.

TMACOG and its Task Force would like to start the environmental studies in August of 1991. Between the start of the environmental studies and the completion of the Feasibility Study, the Task Force plans to have another set of public meetings. This will be used for the final update on the Maumee River crossing project before going into the next steps -- producing an Engineering Source Document and Environmental Impact Statement for each feasible alternative and its connectors; identifying the lead agency; and selecting the best method of funding a new crossing.

U.S. ROUTE 24 HIGHWAY CORRIDOR

The following funding is needed to start a vital highway link between two major metropolitan areas, Toledo and Fort Wayne:

FY 1992 Feasibility and Economic Studies.....$300,000

U.S. 24 joins two high growth corridors -- the western part of northwest Ohio with northeast Indiana. However, U.S. 24 is

primarily a two lane, winding, and dangerous road that follows the Maumee River. TMACOG is working with the Maumee Valley Planning Organization (MVPO), and the Northeast Indiana Regional Coordinating Council (NWIRCC) to undertake studies for the improvement of U.S. 24. This is being done through the "Port to Fort Organization", a committee of each of these regional organizations, which is composed of the counties, municipalities, chambers of commerce, businesses, school districts, labor organizations, farm organizations, and citizen organizations along the route.

TMACOG has placed this improvement on its list of priorities submitted to the State of Ohio. All eleven of the Ohio State legislators in northwest Ohio have agreed that this is a top priority. The project was ranked first priority by the Greater Toledo Growth Commission. During the exercise on defining a possible National Highway System, both Ohio and Indiana placed U.S. 24 between Toledo and Fort Wayne on the National Highway System. I would advocate this placement on the National Highway System as well as a major step towards consideration of funding for this highway.

Several sections of U.S. 24 are currently congested, and traffic forecasts indicate congestion on much of the route within twenty years. Much of the route is two lanes with a large number of curves as it winds along side of the Maumee River. There is a heavy volume of truck traffic today. Fort Wayne, Indiana and Toledo, Ohio are among the 100 largest cities in the United States and one of the few pairs without a four lane connection. The improvement of U.S. 24 would greatly enhance safety, improve access along the entire route and promote economic development with the retention of jobs and expansion of job opportunities in northwest Ohio and northeast Indiana.

In June, 1990 the Ohio Department of Transportation announced that it would cooperate with TMACOG in the preparation of a feasibility study for improvements to State Route 24. That study is now underway, but it is proceeding very slowly. Because of a lack of funding, it relies on the existing staffs of ODOT and TMACOG. It includes a baseline study from north of Waterville to the Ohio/Indiana State Line with such information and data as studies of existing and projected traffic volumes, car/truck ratios, and highway capacity and aerial photos. Some work has been started.

Development of this project would achieve several benefits to the citizens of northwest Ohio, northeast Indiana, and the United States as a whole. First, it would make our domestic auto suppliers more competitive in the international markets by enhancing existing industry and making it more competitive for additional industries. The improvement of this route would provide for additional locations for automotive allied industries which are locating close to major automobile manufacturers now located in southern Michigan, northeast Indiana, and northwest Ohio.

Second, an improved U.S. 24 could provide for enhanced opportunity to ship final food products to foreign markets. Northwest Ohio is one of the major farming areas in the State of Ohio. One of the goals of the new Administration in Columbus is to improve the advantage of Ohio's agricultural industry, and therefore that of the U.S. relative to exporting. It is our advantage to add Value Added agriculture business. Food products can then be processed and shipped increasing employment domestically. Location of such industries requires better transportation. A few are located in the area now. Improving transportation and promoting these businesses would provide for the opportunities to increase jobs in the area and export of finished food products, particularly to Canada.

Third, the construction of this highway will provide opportunities to preserve and enhance the natural environment along the Maumee River and to preserve and protect our historical heritage in the area. Construction of a new, four lane divided roadway will probably mean that that roadway will be placed away from the Maumee River. The River is designated as a scenic river, and there is interest by the Maumee Heritage Corridor Commission and the Department of Natural Resources to enhance and preserve the area along the River. This area contains a large number of wetlands and woodlots which are an asset to our environment and which could be expanded. It also includes the remnants of the old canal which connected Lake Erie to the Ohio River. Furthermore, the U.S. Fish and Wildlife Service has identified the Maumee Valley Corridor of historical, cultural and recreational value. Any expansion should take into account the value of this corridor and all efforts should be made to maintain its aesthetic value. Any negative impact on farming areas will hopefully be offset by the increase in value of the crops produced to the value added industries which could locate in the area.

RAILROAD CORRIDOR STUDIES

The Toledo metropolitan area is located at the western tip of Lake Erie and at the mouth of the largest tributary to Lake Erie. Transportation has always been a vital part of the area's economy. Railroads became a major part of the region's transportation system as the City grew and this region developed into an industrial center and a major lake port. At one time eight major railroads served the City along with a terminal railroad owned jointly by the other rail companies. Even in the post merger area of today, four Class I carriers and one Regional line serve Toledo. As mentioned, it is the third largest rail hub in the United States and it has one of the highest traffic density rail segments in the country. The Conrail main line crosses the Maumee River. This line also serves major Amtrak routes between Chicago and points east. In addition to the railroads, Toledo is developing a major transportation hub with major Interstates, I-75 running north and south and I-80/90

running east and west, the Port of Toledo and Toledo Express Airport which will soon serve Burlington Express.

With respect to the railroad system in Toledo, TMACOG identified the following problems: traffic delays; accidents; inefficiency in rail movements; funding; negative effects on economic development; deregulation; labor; and consolidation of railroads.

TMACOG decided to approach the railroad problems through identification and analysis of railroad corridors. The corridor approach looks at a number of railroad crossings as a group and improvements can be recommended as a group.

One of the most efficient and effective ways to approach managing rail-highway grade crossing safety issues is to review all street crossings of a rail line along a continuous segment of track and to develop a package of comprehensive improvement projects to cover work at several crossings. It is also possible to address other highway-rail concerns along the segment at the same time. Included would be efforts to bring about the closing of low traffic volume and/or dangerously configured street/railroad grade crossings. This helps to improve safety at railroad crossings in the corridor by minimizing the number of low volume and/or dangerous crossings. This helps to improve the efficiency of railroad operations in the corridor. Alternative highway-rail improvements could be investigated in relation to the needs of the local community with regard to overcoming any negative impacts of the railroad, such as emergency services.

Corridor analysis is a team effort consisting of the concerned railroad officials, local, and state officials, planning agencies representatives, the private sector and citizens. Therefore, it allows good communication between the various groups and results in more efficient solutions and negotiations. Finally, this approach allows various parties to negotiate a combination of specific solutions within the corridor such as the closing of some streets across the railroad, lights and gates, and grade separations.

After reviewing all of the railroad corridors in the Toledo area, six corridors were selected as high priority for detailed study. The corridors were selected based upon a set of criteria developed by the TMACOG Railroad Task Force, the only such task force in the United States. It is composed of local officials, industry representatives, railroad representatives, planners, and economic development representatives. Criteria included corridor length, number of rail crossings, number of port channel crossings, number of highway crossings, total Average Daily Traffic on all highway crossings, number of major streets, number of trains, number of fire districts, number of grade crossing accidents, train speed, economic development potential, funding, number of potential street closings on each, stability of the corridor, local commitment, and chance of success.

Having identified the corridors, funding is now needed to do a detailed analysis for each of the six corridors with a team for each corridor. It is estimated that this would cost approximately $300,000. The result would be a set of solutions to be implemented through existing public and private funding.

The following funding is needed to undertake a detailed planning study of six railroad corridors.

FY 1992 Six Railroad Corridor Studies.....$300,000

Corridor 1 - CSX-East Toledo/Oregon
Corridor 2 - CRC-Airline Junction West
Corridor 3 - CSX-Perrysburg
Corridor 4 - NS-Maumee
Corridor 5 - NS-Oregon
Corridor 6 - CRC-Vickers to Stanley Yard-East Toledo/Northwood

RAILWAY-HIGHWAY CROSSINGS

My district in Northwest Ohio has been especially hard hit by a large number of rail-related deaths because of its location as the nation's third largest railroad hub. Northern Ohio leads other areas because of its concentration of busy train tracks and fast trains, including Amtrak passenger trains. Freight traffic which formerly moved through central and southern Ohio has been rerouted onto Conrail, CSX Transportation and Norfolk and Southern Railway tracks through northern Ohio. In Ohio, there were 404 accidents at railroad crossings in 1989 and 310 in 1990. Of these 404 accidents, 66 people were killed and of the 310, 58 people were killed. Nationally, in 1989, rail accidents at railroad crossings reached 6,525 and in 1990 the figure was at 5,663. Of the 6,525 accidents, 801 people were killed and of the 5,663, 691 people were killed. While I am very encouraged by this decrease in numbers nationwide and statewide, I remain disturbed that Ohio ranks second only to Texas in the number of accidents at railroad crossings.

In early 1989, there were several accidents in Northwest Ohio that brought this issue to the forefront. Eighty percent of the fatalities were at crossings with only standard railroad crossbucks. In order to find an answer to this problem, I have been working with the Public Utilities Commission of Ohio (PUCO) which has jurisdiction over railroad crossings. It is the PUCO's contention that any crossing with only crossbucks is an unsafe crossing. With current state and federal funding, the PUCO is able to fund 75-100 railway crossing improvements per year. I want to commend the PUCO for its efforts and role in identifying dangerous crossings. In 1989, there was a change in state law that gave the PUCO the authority to rank order grade crossing safety improvements. The Ohio Department of Transportation was allowed to continue to accept and allocate federal money and keep its authority to spend federal funds to fix crossings. But, one

of the difficult hurdles that the PUCO has to deal with is that its paperwork must go through ODOT before it goes to the Federal Highway Administration. This extra loop delays action on actually arriving at the construction stage of railroad crossing improvements.

It is my understanding that the Administration's bill repeals the Railway-Highway Crossings Program along with an authorization of funding. The President's proposal allows for the states to use up to 10% of the money for the national highway program for highway safety improvements and up to 5% of their annual apportionment of Urban and Rural funds to be used for highway safety improvements or for the elimination of rail-highway crossing hazards.

I would argue that a program be retained that would provide sufficient funding to states for railroad crossing safety. There should be a separate program which actually guarantees funding for railroad crossing improvements.

There are several crossings in my district which have been the source of accidents and fatalities. I would like to bring these crossings to the Committee's attention: a Conrail crossing at County Road FG, one mile west of Delta in Fulton County (DOT 509 496 R); a Conrail crossing in Wood County on Ayers Road, west of Bradner Road (DOT 509 144 R); a Conrail crossing at Fulton County Road 10, two miles west of Delta (DOT 509 499 S); and a Conrail crossing at Fulton County Road 4, four miles west of the Fulton-Lucas County border (DOT 510 806 K).

REFLECTORIZATION

Several of my constituents have contacted me about the use of reflectors on trains and crossbucks. The placement of reflectors on sides of freight cars would make the cars easier for a motorist at a rail crossing to spot at night. Reflectors could serve as strobe lights which would warn oncoming car traffic. Furthermore, the PUCO supports further research and development of technology on reflectorization.

From the Chairman's letter to me, dated June 29, 1990, I understand that the Federal Highway Administration has recommended that trains include reflectors while the Federal Railroad Administration has been unwilling, at this point, to establish such regulations that would require reflectors on trains. The railroads have resisted adding reflectorized striping due to what they consider inordinate costs, using the rationale that most collisions between trains and cars are the fault of the motorist. In 1982, the FRA analyzed the use of reflective material on railroad freight cars. The results of the tests indicated that there was a sharp decline in reflective quality a short time after installation. The FRA study concluded that few, if any, accidents are likely to be affected by reflectorization; the costs far exceed the benefits; and other

approaches to the crossing safety problem such as public education are far more effective.

From what I understand from Mr. Gilbert Carmichael, FRA Administrator, the 1982 report is to be updated this year at which time the FRA will re-examine its policy in this matter. Just recently, I was told that the FRA tested the reflective material in Pueblo, Colorado and plans to shift to a demonstration program on an operating rail system. The FRA has indicated that a new reflective material is being developed that is expected to have better retention of its reflective intensity, be more resistant to dirt and easier to clean. Perhaps, this technology will prove more successful while at the same time less expensive and, in effect, change the FRA policy with respect to reflectorization. I would encourage the Subcommittee to review all efforts in this area. According to the Ohio Department of Transportation, Canada has required railroad cars to be reflectorized for over 30 years. Canadian law permits grants to be made from the Railway Grade Crossing Fund towards the cost of the installation of reflectors.

A three sided reflector has been designed by a Conrail team at the main railyard in Columbus, Ohio. It consists of a three-sided, multicolored reflector mounted at a lower level than the standard railroad crossbucks. The reflectors catch the light from an approaching locomotive and reflect it toward motor vehicles at driver eye level, and also reflect the vehicle's own lights back at the driver. Conrail has declined to use the warning device before the Federal Railroad Administration clearly demonstrates its effectiveness. Mr. Gilbert Carmichael, the FRA Administrator, in a letter to me dated September 27, 1990, indicated that he was encouraged by the reflector's potential effectiveness but indicated that the device was in its early stages of development and testing. I was encouraged to learn that FRA is now testing this reflector device in Pueblo as well.

I would like to conclude by saying that I believe that the railroad-highway crossing issue is an important one which deserves full support. I would advocate that a separate railroad-highway crossing program be maintained to ensure that proper dollars are allocated to our states to deal with the problems of keeping crossings upgraded and as safe as possible. A separate program also raises the significance of the safety problem. Finally, I would encourage the FRA and the Committee to support organizations such as Operation Lifesaver which is dedicated to eliminating rail-highway crossing crashes through public education and enforcement and further studies on reflectorization to determine its usefulness.

SIGNAGE ON FEDERAL HIGHWAYS

Mr. Chairman, one last note, I would like to bring to the Committee's attention the problem that communities have with proper access to facilities of importance to the community.

There are several alternatives to deal with this situation including realigning streets and highways to improve the access. However, one of the most economical ways to help this situation would be to include proper guide and informational signage on highways.

I would encourage the FHWA to be flexible when it considers signage on federal highways. While this may seem like a small problem, effective signs can be extremely helpful for a community's economy. In my own district, a very popular Farmer's Market is located in downtown Toledo. The Farmer's Market provides a significant part of the income of local farmers who utilize the Market in addition to providing the low cost nutritious food to the consumers of the City. In fact, it is estimated that products brought to the Farmer's Market represent 25% of that particular farmer's crop. The Toledo City Council recently voted to appropriate $190,000 for remodeling work and enlargement of up to 40 stalls. On busy summer weekends, 5,000 people may visit the Farmer's Market. The problem with the Market's location is that motorists cannot see it from the incoming expressways. The expressways are elevated which obscures the Farmer's Market from view. Furthermore, the Market is surrounded by a creek on one side and a warehouse on the other which prevents direct access. According to the City of Toledo's Division of Parks and Forestry, the Farmer's Market loses the business of 500-1,000 people a week because of inadequate access. There needs to be direction off the interstates as to what exit will deliver motorists as close to the Farmer's Market as possible.

Furthermore, I would like to advocate that the following types of signs be eligible for federal funding on all construction projects: construction zone and maintenance signing; detour signing; and replacement or upgrade of all regulatory signing to include replacement of overhead sign structures.

Thank you, Mr. Chairman, and Members of the Committee for your consideration of my testimony.

## APPENDIX

### 1. Lift Delays

It is very difficult to quantify the extent of the negative economic and social impacts that result from the lifting of the Craig Bridge. In an attempt to convey some idea of the problem, estimates were compiled based on 1990 lift data.

The maximum traffic delay from a lift was 46 minutes; the average delay throughout the year was 8.81 minutes. This 8.81 minute traffic closure on a major Interstate costs motorists a total of 86 hours of delay every time the bridge is opened. With 877 lifts during 1990 this means that, for the year, the total delay was 75,442 hours wasted. In addition to delay time, vehicle operating costs are incurred during delays. Assuming overall time costs of $11.00 per hour and operating costs of $2.60 per hour (somewhat conservative estimates) the traffic delays due to the lifting of the bridge cost over $1,025,000 in 1990. This cost of over $1 million is due to delays from lifts only.

Conditions in 1990 suggest that these estimates may be very conservative and costs have been and will be much higher. The year was a slow year for commercial, tourist, and recreational shipping on the river. In addition, there are other factors not considered which could be included and would raise the costs: diversion of traffic to local streets and other routes, increased commodity costs due to delays and uncertainties, frustration, emergency access considerations, etc.

### 2. Inadequate Capacity of the Bridge

The design capacity of the Craig Bridge is 50,000 vehicles per day. Traffic in 1990 already exceeded this level by over 15%. The bridge section of I-280 is today operating at or very near Level of Service which results in congestion and sporadic breakdowns during the day with unsafe and inefficient operations during peak periods.

Traffic forecasts for future years make it clear that this capacity problem will become even more severe. Work completed during development of the TMACOG "Year 2010 Long Range Transportation Plan" indicate that all of the area's river crossings will experience severe congestion. For the Craig Memorial Bridge it is estimated that in the year 2010 there will be an almost twofold increase in traffic volume above that of 1990, bringing volume to approximately 96,000 vehicles per day. Needless to say, the bridge cannot handle this; severe congestion and constant delays will occur as time goes on.

### 3. Maintenance Delays

The I-280 bridge not only presents capacity problems, but has been and in all likelihood will continue to be a maintenance problem for ODOT. Lane closings during repairs and heavy maintenance further reduce the capacity of the bridge and seriously impact the area. March 1986 emergency repairs required closing traffic on two of the four travel lanes. In November 1987 traffic was limited to one lane each direction for five months. In June 1988 traffic lanes were blocked sporadically for emergency repairs and the ship channel was closed for almost two weeks. In March 1989 replacement of lift span beams closed traffic to one lane in each direction for the summer season. Painting during the summer of 1990 narrowed the bridge. Scheduled and emergency maintenance work has cut the capacity of the bridge in half during the highest traffic volume months of the year for the past several years. During these closures ODOT has been able to upgrade many components of the bridge, however, the bridge is over 30 years old and is required to lift around 1,000 times each year. Another factor compounding maintenance problems is that the bridge is now carrying heavier Michigan truck weight loads of 150,000 pounds. This is necessary to allow Toledo's port and area businesses to be competitive and serve nearby Michigan markets as well. It would seem that prolonged lane closings similar to those of the past will continue to be necessary in the future to undertake maintenance and repairs.

4. Expedite Transportation Development Process

The federal government should designate this as a high priority project, and establish a process to expedite the project as it goes through the various development phases. Projects are normally expedited in two ways. First, they must be well managed. Second, within each state and federal agency, they must receive immediate attention when necessary. Of course, these need to be in place. However, I am recommending a third mechanism.

A team of officials representing the state and federal agencies which are involved with the project should be established to expedite the project. These officials should have the responsibility and authority to make decisions. Rather than an elaborate and time consuming network of written communications, this task force would be given the decision making responsibilities relative to state and federal laws and regulations. It would operate in an expeditious fashion and would need to meet in Toledo - a cost to the state and federal government in the short run. However, in the long run, the cost of the project could be decreased by expediting the project.

Such a team is modeled on the Management Teams which are operating in the Toledo area for many of our highway projects and which TMACOG uses on many of its projects and activities. The Management Team is designed to avoid the pitfalls of opposition by involving neighbors, business, industry and public officials in all planning stages of a project and maintain this involvement

throughout construction. Its goal is to make certain that all groups which are affected by a project are presented on the team.

Mr. MINETA. At this time I would like to call forward our colleague from Indiana, Congressman McCloskey, and our colleague from the 10th district of Virginia, Congressman Frank Wolf, a very valued member of the appropriations subcommittee and a person who has been instrumental in making so many improvements as they relate to transportation issues not only from a national perspective but from those of us who live in the northern Virginia area. Again, I would like to welcome our two fine colleagues.

Mr. APPLEGATE. Mr. Chairman.

Mr. MINETA. Mr. Applegate.

Mr. APPLEGATE. Mr. Chairman, if I may just interject at this moment. I would like to enter into the record a statement from the Governor of Ohio, George Voinovich concerning the reauthorization of the Surface Transportation Program. Unfortunately, he can't be here but he does address a couple of things. I would just name three, if it is all right. It will just take a second.

He does recommend increasing from 89 to 90 percent the Minimum Allocation for donor States, an area of which Marcy Kaptur has alluded to. It is my understanding that in the Administration's proposal they do not mention the Minimum Allocation and, in fact, does away with it. There is no way to know that this would be of any benefit at all, but it makes sense if we do have at least a minimum.

He recommends also a Minimum Allocation guarantee for mass transit funding. There is no guarantee that a State will receive any return on a gas tax for mass transit now. And he has recommended a 65 percent mass transit Minimum Allocation.

Finally, he supports the concept of a two-tier Federal Aid Program with a separate category for bridges.

He is concerned about the 60–40 sharing split, but he supports the 75–25 split for the National Highway System.

So there are a couple of things in there and I think it would be of very strong interest to the committee. Therefore, I submit his statement for the record.

Mr. MINETA. Without objection, so ordered.

[Governor Voinovich's statement follows:]

STATEMENT OF
GEORGE V. VOINOVICH
GOVERNOR
STATE OF OHIO

I am grateful for the opportunity to share some thoughts on what may be the most critical legislation to be considered in this First Session of the 102nd Congress -- reauthorization of federal-aid surface transportation programs.

Chairman Mineta, you and the other distinguished members of the Public Works Surface Transportation Subcommittee face a great challenge this year. You shoulder considerable responsibility for crafting legislation which will make the wisest use of federal, state and local governments' investments in roads and highway, transit systems and transportation safety programs. That investment totals in the many billions of dollars each year. Yours is no small responsibility, and it is one which I know the Subcommittee accepts conscientiously. There resides in your formidable challenge a great opportunity to help implement forward-looking policies which will help all Americans travel more freely, safely and conveniently; to work more efficiently and productively; to be more economically competitive in the world marketplace. In short, your work will have enormous bearing on the nation's quality of life for many years to come.

Clearly, I would like to do all I can to ensure that the people of Ohio will enjoy fully the transportation and infrastructure improvements this panel seeks to make in the national interest. Regrettably, the State of Ohio, and a score of other states, presently are not in a position to benefit fairly from existing surface transportation funding distribution policies, regardless of overall funding levels in the ensuing fiscal years. Like the highway funding allocation laws of the past 30 years, the present authorization program continues to place an unduly heavy burden on the federal donor states which this round of reauthorization must remedy. Ohio and the other 18 donor states are not fully reassured that the Bush Administration's reauthorization proposal will address these concerns. Indeed, our analyses of the Administration bill do not yet yield enough specific evidence

that historically heavy donor states should expect to receive the proper return on their transportation user fees.

This panel already has been alerted to Ohio's desire for a fairer return on its federal surface transportation investment. Last year, an impressive number of our State's Congressional Delegation appeared before this panel and illustrated, eloquently and convincingly, the degree to which Ohio suffers from unfair and outdated federal allocation formulas. My purpose in contacting the subcommittee is to report that donor states' unusually heavy burdens have not become any less pronounced in the past year. By necessity, donor states such as Ohio are seeking funding distribution reform more vigorously than ever before. Ohio, with its heavily-travelled roads, aging bridges and much-in-demand mass transit services, can no longer continue to be denied its fair share of federal funding.

In the new, post-Interstate era that is now at hand, there is a need for new nationwide policies which will serve all regions positively and fairly, enabling them to meet their unique transportation requirements while serving as important links in a coordinated national network. This will require a continued strong federal commitment of resources, primarily through the use of transportation user fees already collected and accumulating in the Highway Trust Funds. The integrity of these funds must be restored by spending them on their intended purpose, and by ending their diversion to other non-transportation purposes. On a related matter, I fully support the National Governors' Association recommendation to set an overall obligation ceiling of $16.5 billion for fiscal year 1992, a level fully justified by the Trust Fund's growing balance.

The concepts of program consolidation and increased flexibility for states and local governments are cornerstones of the Administration's reauthorization proposal. As a governor and former mayor, I can tell this committee that greater flexibility empowering state and local officials to be more responsive to their specific needs is most attractive. The proposed changes in federal-

state matching requirements raise serious concerns, however, which I will address later.

Ohio supports the concept of a National Highway System, and applauds the Administration's recognition of the national defense and commercial significance of certain roads, and the need to ensure a continued high level of federal financial support for these routes. Our preliminary analysis of the U.S. Department of Transportation's 150,000-mile illustrative system excludes several key highways in Ohio. Expansion of the system to a 180,000-mile plan likely would enable Ohio and other states to incorporate a sufficient number of additional miles of highway to produce a more complete network consistent with the Administration's and the nation's interests. For now, though, the overall size of the National Highway System can remain a topic for discussion between the Congress and federal highway officials. Our state transportation officials in Ohio are eager to work with Washington policy makers to produce the National Highway System which will best serve the interests of the entire nation.

Ohio has a long and proud history of active participation in ambitious undertakings which contributed to the greatness of our nation as a whole, particularly in the transportation arena. Over the past 34 years, an estimated $2.2 billion in federal highway taxes collected in Ohio have been spent improving highways in other states. But Ohio's spirit of cooperation and generosity is increasingly tempered by the need to ensure that Ohio's own citizens and industries might begin to receive a fairer proportion of the highway taxes collected within our borders. That will require revisions to existing funding formulas to more accurately reflect our transportation needs and the demands placed on Ohio's transportation systems. Allocation mechanisms which fail to note the significance of total lane miles (both rural and urban), vehicle miles traveled and fuel use do not adequately note the requirements of, or demands on, the surface transportation infrastructure.

The move to a more equitable funding distribution structure need not threaten those states which, unlike Ohio and other donor states, have long reaped more than they have sown into federal-

aid highway systems. I would support a new program containing assurances that no state would receive less in future years than it receives in 1991 apportionments, not including discretionary or special funding or Interstate construction funds.

At the same time, minimum allocation (MA) protection must be maintained, and the current MA guarantee should be increased to at least a 90 percent return. In addition, discretionary funding should be excluded from the MA computation. Present law unfairly prevents MA states from realizing discretionary funding benefits, as they lose a like amount of MA funds. This is an inequity which must change if donor states are to remain the vital, viable crossroads in a nationwide system.

Ohio's sacrifices have not been confined to highway matters. Historically, the State has been a heavy contributor to public transit efforts in other states. After receiving, on average, a scant 28 cents on each dollar paid into the federal mass transit account, Ohio is prepared to propose some sort of minimum allocation guarantee for transit. No such guarantee presently exists and the results clearly have been harmful for Ohioans. This Subcommittee has recognized the need for coordinated solutions to transportation problems. Mass transit, multi-modal choices are an important part of the equation. With the need to meet the new statutory requirements of the Clean Air Act and the Americans with Disabilities Act, it is inappropriate and inconsistent to tie Ohio's hands. We desire not only to comply with the new laws but to provide leadership for the entire nation as well. A mass transit minimum allocation of at least 65 percent would serve not just Ohio's but the nation's interest by reducing air pollution and highway congestion.

I support the concept of a two-tiered, federal-aid surface transportation program featuring a National Highway System and an Urban/Rural program. However, I am deeply concerned by the potential impact of the proposed reduced federal participation -- to 60 percent -- in the latter program. Ohio's commitment to strong state and local support of federal transportation projects is

unquestioned, witness two significant recent state gas tax increases (bringing the total tax to 20 cents per gallon) and the variety of local tax initiatives. But this Subcommittee, with its extensive knowledge of the challenges already confronting local governments, can certainly predict the hardship which the proposed 60-40 match would visit on most communities, especially those which are already economically depressed. I hope the Subcommittee will recommend at least a 75 percent federal participation level in the Urban/Rural program.

These are my reactions to the Administration's Surface Transportation Assistance Act of 1991. Like this Subcommittee, I am receptive to most of what the proposal seeks to accomplish, and I differ only on some of the methods prescribed for making the best use of our nation's investment in transportation infrastructure modernization. My recommendations are offered in order to notify this panel, and the Congress as a whole, of the great challenges which confront all states, and particularly those donor states like Ohio which presently carry an especially large transportation tax burden. Only by distributing that burden more fairly will the nation be able to achieve the coordinated surface transportation network on which America's continued prosperity will increasingly depend. I look forward to the opportunity to share with the Subcommittee and full Committee any additional thoughts or information which might assist in crafting this important reauthorization legislation.

Mr. MINETA. Now our colleague from Indiana, Mr. McCloskey.

## TESTIMONY OF HON. FRANK McCLOSKEY, A REPRESENTATIVE IN CONGRESS FROM INDIANA

Mr. MCCLOSKEY. Thank you very much Mr. Chairman, Chairman Roe, members of the committee. I appreciate your generosity and hospitality in allowing me to testify today.

First of all, I have a fairly extensive statement, Mr. Mineta, about two issues; one national and one regional specific. If I could have those two statements accepted for the record, I would really appreciate it.

Mr. MINETA. Without objection, so ordered.

Mr. MCCLOSKEY. Given the previous cooperation the committee has provided on my major concern and with consideration of the committee's time and expertise, I will be very, very brief.

Mr. Chairman, my two major concerns today are to continue to plug for a major four-way highway between Indianapolis and Evansville, and also to express the concerns of Indiana and other States about the present highway allocation formula as proposed in the President's legislation. I have been asked by Governor Bayh of Indiana and the State Department of Transportation Director Christine Letts to state their concerns as members of the Crescent Coalition that the present formula is very unfair to states such as Indiana and I might say California, and hopeful there will be reasonable accommodations made to address these concerns.

The Crescent Coalition and the State of Indiana feel that the factors used should reflect the extent and use of the National Highway System and the level of funding necessary to preserve it. Particularly, the factors used should be highway lane miles, vehicle miles travelled, diesel fuel consumption, and a more than reasonable Minimum Allocation guaranteed. As you know, the Administration calls for basing the National Highway System funding on land area, public road mileage, fuel consumption, and a low population density supplement. These factors do not maximize the allocation of limited Federal funds for national and area effectiveness and priorities.

I am sure many people on this committee and otherwise will have input into this issue, and I appreciate your concern.

I want to thank you, particularly, Chairman Mineta, for your help in previous years with the Evansville-Indianapolis highway. I have been guided by your advice and insight, as has Governor Bayh and State highway officials. As you know, they have been here previously testifying before this committee and meeting with you and other legislators and administration officials personally. To put it very simply, if you look at Indiana on a map, southwestern Indiana is the only sector of the State without significant north-south Interstate highway development. I will not go on and on about what that has meant for transportation between the Evansville area and the capital of the State in Indianapolis, and economic and community development throughout a very underdeveloped area of the country. Infrastructure investment in this area deserves a lot more attention.

The Governor, as you know, Mr. Mineta, has made this highway one of his highest priorities. You have suggested that we strongly consider and plug it in to our State's priorities, for example, under the Highways of National Significance. Already the State has spent $2 to $3 million on development of preliminary environmental and engineering studies on the northern leg between Bloomington and Newberry. The Governor has formally and informally talked of up to a $250 million long-range commitment. So I would just say we appreciate your on-going support and concern for this project.

In my testimony I have been asked by the State to suggest a $6 million allocation for continued work, particularly design work, in the northern area between Bloomington and Newberry, and also for $2 million to do design and related work farther south in the middle stretch of the proposed highway, between Newberry and Petersburg. There are many, many details and concerns otherwise stated in my testimony.

Mr. Chairman, you have been very cooperative. I think the State has outlined a very reasonable, prudent, and cost-effective strategy. We are obviously not asking for the Moon but basically solid and fair treatment. We would just appreciate whatever you and Mr. Roe and other members of committee could help on. It is very, very important to an underserved area of the country.

Mr. MINETA. Thank you very much for your analysis from Indiana's perspective of the Bush bill. Has the Indianapolis to Evansville I–69 been included as part of the State of Indiana's submission to the Department of Transportation for their Highways of National Significance?

Mr. MCCLOSKEY. Yes, I believe it has, Mr. Chairman.

Mr. MINETA. And it is my understanding that the Indiana Department of Transportation anticipates completing the design work for the first section of the segment of the highway between Bloomington and Newberry at a cost of some $16 million in 1993. Does the State propose using Federal Aid Highway funds for the design work, and, if so, how much will the State use?

Mr. MCCLOSKEY. Yes, yes. My understanding, Mr. Chairman, is they do. Indiana anticipates completing design work for the first section of the highway between Bloomington and Newberry to cost $6 million, the remainder of $2 million would go to the Newberry-Petersburg connection. I believe the total costs would be about $8 million additional. I believe you mentioned $16 million. We are talking about significant Federal help on this in coordination with an on-going State allocation and commitment.

Mr. MINETA. Any questions of our colleague from Indiana?

Thank you very, very much, Congressman McCloskey, for your testimony.

[Mr. McCloskey's prepared statement follows:]

April 10, 1991

STATEMENT OF CONGRESSMAN FRANK McCLOSKEY

I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE THE SUBCOMMITTEE TO VOICE MY CONCERNS ON BEHALF OF INDIANA AND OTHER STATES WHO WOULD BE TREATED UNFAIRLY UNDER THE BUSH ADMINISTRATION'S PROPOSED FUNDING FORMULA FOR ALLOCATING FEDERAL RESOURCES TO THE STATES FOR THE NATIONAL HIGHWAY SYSTEM.

BEFORE DELVING INTO THIS TOPIC, I WOULD LIKE TO RESTATE MY SUPPORT AND SOLICIT YOURS FOR A HIGHWAY CONNECTING EVANSVILLE TO INDIANAPOLIS. AN EXTENSION OF I-69 NOT ONLY LINKS INDIANA'S THIRD LARGEST CITY TO THE STATE CAPITAL, IT ALSO REPRESENTS A TREMENDOUS ECONOMIC BOON TO SOUTHWESTERN INDIANA AS WELL AS THE ENTIRE REGION. I AM SUBMITTING WRITTEN TESTIMONY WHICH DEMONSTRATES THE MANY BENEFITS THIS HIGHWAY WOULD PROVIDE, THE STATE OF INDIANA'S COMMITMENT, THE VAST AMOUNT OF COMMUNITY SUPPORT, AND THE LEVEL OF FEDERAL PARTICIPATION NECESSARY TO BRING THIS PROJECT TO FRUITION.

THE INDIANA DEPARTMENT OF TRANSPORTATION IS IN FULL SUPPORT OF FUNDING PROPOSALS SPONSORED BY THE CRESCENT COALITION - A GROUP OF STATES WITH WIDELY DIFFERING GEOGRAPHIC, DEMOGRAPHIC, ECONOMIC, AND VEHICLE TRAFFIC CHARACTERISTICS THAT ARE DEDICATED TO FINDING COMMON SOLUTIONS TO THEIR DIVERSE TRANSPORTATION NEEDS. AS YOU ARE AWARE, MR. CHAIRMAN, THE STATE OF CALIFORNIA IS A DRIVING FORCE WITHIN THIS COALITION.

THE COALITION BELIEVES THAT THE GUIDING PRINCIPLE FOR ALLOCATING FEDERAL HIGHWAY FUNDS SHOULD BE THE FAIR DISTRIBUTION OF MONEY TO THE STATES WHICH NEED IT THE MOST. THE FACTORS USED SHOULD REFLECT THE EXTENT AND USE OF THE NATIONAL HIGHWAY SYSTEM AND THE LEVEL OF FUNDING NECESSARY TO PRESERVE IT.

THE BUSH ADMINISTRATION'S PROPOSAL FOR BASING NATIONAL HIGHWAY SYSTEM FUNDING ON LAND AREA, PUBLIC ROAD MILEAGE, FUEL CONSUMPTION, AND A LOW POPULATION DENSITY SUPPLEMENT DOES NOT MAXIMIZE THE ALLOCATION OF LIMITED FEDERAL FUNDS AS A MEASURE OF THE EXTENSIVENESS AND INTENSITY OF USE OF OUR NATION'S

HIGHWAYS.

LAND AREA BEARS NO RELATIONSHIP TO EITHER THE USE OF THE HIGHWAY OR THE EXTENT OF THE ROAD NETWORK TO BE PRESERVED. THEREFORE, LAND AREA CRITERIA DOES NOT REFLECT THE FUTURE NEEDS OF THE NATIONAL HIGHWAY SYSTEM. LAND AREA CRITERIA NEEDLESSLY PROVIDES LARGE BUT SPARSELY POPULATED STATES WITH GREATER APPORTIONMENTS THAN IS WARRANTED. THE LOW POPULATION DENSITY SUPPLEMENT GRANTS EXTRA REDUNDANCY TO THIS INEQUITY.

PUBLIC ROAD MILEAGE CRITERIA UNFAIRLY ALLOWS TWO-LANE GRAVEL ROADS TO RECEIVE THE SAME MILE MEASUREMENT AS FOUR-LANE INTERSTATES. IN ORDER TO ADEQUATELY REPRESENT THE AGGREGATE HIGHWAY ROAD MILEAGE IN A STATE, ATTENTION SHOULD BE FOCUSED ON HIGHWAY LANE-MILES. INSTEAD OF COUNTING A 10 MILE STRETCH OF 4-LANE HIGHWAY AS ONLY 10 MILES UNDER THE ADMINISTRATION'S PROPOSAL, IT SHOULD BE COUNTED AS 40 MILES. LANE-MILES IS A DIRECT MEASURE OF THE SIZE OF THE ROAD NETWORK AND SHOULD BE USED TO REFLECT THE EXTENT OF THE HIGHWAY SYSTEM TO BE PRESERVED.

VEHICLE MILES TRAVELED SHOULD BE USED INSTEAD OF MOTOR FUEL CONSUMPTION FOR MEASURING THE LEVEL OF USE OF THE NATIONAL HIGHWAY SYSTEM. VEHICLE MILES TRAVELLED WOULD BE A DIRECT MEASURE OF THE MAGNITUDE OF TRAFFIC ON THE NATIONAL HIGHWAY SYSTEM, WHILE THE QUANTITY OF GASOLINE CONSUMED PROVIDES AT BEST ONLY A VAGUE GAUGE SINCE IT REFLECTS TRAVEL ON ALL ROADS NOT JUST THAT ON THE NATIONAL HIGHWAY SYSTEM. IN ADDITION, THE CRITERIA OF MOTOR FUEL CONSUMPTION IS COUNTERPRODUCTIVE TO OUR MISSION OF ENCOURAGING THE USE OF MORE FUEL EFFICIENT VEHICLES.

IN ORDER TO ASCERTAIN THE LEVEL OF FUNDS REQUIRED TO MAINTAIN OUR CURRENT HIGHWAY INFRASTRUCTURE, AN ACCURATE MEASUREMENT OF THE INTENSITY OF TRUCK TRAVEL IS ESSENTIAL. SINCE TRUCKS ARE PROPORTIONATELY MORE DAMAGING TO OUR HIGHWAYS AND ROADS, THE REVISED FUNDING FORMULA SHOULD DIRECT FUNDS TO THE STATES WHERE TRUCK TRAVEL IS MOST FREQUENT. NO FEASIBLE ALTERNATIVE BESIDES THE MEASUREMENT OF DIESEL FUEL USE, FOR WHICH DATA IS RELATIVELY ACCURATE AND EASY TO COLLECT, EXISTS FOR DETERMINING THE LEVEL OF

COMMERCIAL TRUCK TRAVEL. IT WOULD GIVE A MORE PRECISE SKETCH OF THE AMOUNT OF ROAD DAMAGE AND CONGESTION ON OUR NATION'S HIGHWAYS AND THEREFORE BETTER EVIDENCE OF WHERE FEDERAL FUNDS SHOULD BE FOCUSED.

A HIGHWAY FUNDING FORMULA BASED ON THE ABOVE-MENTIONED FACTORS - HIGHWAY LANE MILES, VEHICLE MILES TRAVELLED, AND DIESEL FUEL CONSUMPTION - WOULD EQUITABLY DISTRIBUTE FEDERAL FUNDS TO THE STATES FOR THE MAINTENANCE AND IMPROVEMENT OF THE NEW NATIONAL HIGHWAY SYSTEM. IN ADDITION, THE INCLUSION OF A MINIMUM ALLOCATION GUARANTEE OF AT LEAST 85 PERCENT WOULD ASSURE THE INDIVIDUAL STATES THAT THEY WOULD HAVE A CERTAIN LEVEL OF FEDERAL FUNDS WITH WHICH TO PLAN FOR FUTURE HIGHWAY CONSTRUCTION AND REHABILITATION.

THANK YOU FOR ALLOWING ME TO TESTIFY TODAY ON THE BUSH ADMINISTRATION'S FEDERAL HIGHWAY FUNDING PROPOSALS. I WILL BE HAPPY TO ANSWER ANY QUESTIONS WHICH YOU MAY HAVE.

## EVANSVILLE TO INDIANAPOLIS

THE BUSH ADMINISTRATION DESCRIBES HIGHWAYS OF NATIONAL SIGNIFICANCE AS ROADWAYS WHICH SERVE MAJOR POPULATION CENTERS, MEET NATIONAL DEFENSE REQUIREMENTS, AND FURTHER INTERSTATE AND INTERREGIONAL TRAVEL. THESE ROADS SHOULD SIGNIFICANTLY IMPACT MORE THAN ONE STATE AND BE VITAL TO THE NATIONAL TRANSPORTATION NETWORK. THE PROPOSED EVANSVILLE TO INDIANAPOLIS HIGHWAY FITS ALL OF THESE CRITERIA.

THE LACK OF A HIGHWAY CONNECTING EVANSVILLE AND INDIANAPOLIS HAS BEEN A SEVERE IMPEDIMENT TO ECONOMIC GROWTH IN SOUTHWESTERN INDIANA. THE STATE HIGHWAYS WHICH TRAVERSE THIS CORRIDOR ARE NARROW, WINDING, HILLY ROADS WITH LITTLE OPPORTUNITY FOR PASSING, AND WITH SIGNIFICANT AMOUNTS OF COMMERCIAL TRUCK TRAFFIC. AS A RESULT, NO PART OF THE STATE IS LESS WELL SERVED BY THE HIGHWAY SYSTEM AND NO AREA OF THE STATE IS FARTHER REMOVED FROM THE MAINSTREAM OF ECONOMIC DEVELOPMENT THAN THE RURAL COUNTIES THAT EXTEND ON A DIAGONAL BETWEEN INDIANAPOLIS AND EVANSVILLE. A NUMBER OF BUSINESSES HAVE BEEN RELUCTANT TO LOCATE IN THE AREA BECAUSE OF THE TRANSPORTATION PROBLEMS. OTHER ECONOMIC SECTORS, SUCH AS AGRICULTURE, HAVE BEEN CONSTRAINED BY THE LACK OF A SATISFACTORY NORTH-SOUTH HIGHWAY ROUTE.

IN A PRIVATE STUDY COMMISSIONED AS A FOLLOW-UP TO THE DONOHUE & ASSOCIATES TECHNICAL STUDY (MANDATED BY CONGRESS IN HOUSE REPORT 100-202 AND SENATE REPORT 100-198 OF THE UNITED STATES DEPARTMENT OF TRANSPORTATION'S FISCAL YEAR 1988 APPROPRIATIONS ACT), QUANTUM RESEARCH CORPORATION RE-EXAMINED DONOHUE & ASSOCIATES' FINDINGS AND DETERMINED:

1) AN IMPROVED, MORE DIRECT HIGHWAY HAS SIGNIFICANT BENEFITS FOR BUSINESS-TYPE USERS. SOME 750 BUSINESS EXPANSION JOBS AND SOME $850 MILLION IN ADDITIONAL DISPOSABLE PERSONAL INCOME WOULD BE GENERATED BY EXISTING BUSINESSES TO THE YEAR 2020. IN ADDITION, TOTAL OUTPUT WOULD INCREASE BY $2.5 BILLION, WHICH IS THE INCREASE IN STATEWIDE DIRECT AND INDIRECT PURCHASES BY BUSINESSES AND RESIDENTS.

2) THIS HIGHWAY WOULD GREATLY ENHANCE THE REGIONS' ABILITY TO ATTRACT FIRMS FROM OUTSIDE THE AREA ON THE STRENGTH OF OR AS INDUCED BY A NEW IMPROVED HIGHWAY. THE DIRECT BUSINESS ATTRACTION IMPACT IN ADDITION TO INDIRECT AND INDUCED EMPLOYMENT WILL PRODUCE UP TO 4,210 NEW JOBS IF THERE WAS ALSO A COHESIVE STRATEGY AND FULL COOPERATION BETWEEN LABOR AND BUSINESS AND A COORDINATED REGIONAL MARKETING PROGRAM FOR THE ENTIRE REGION.

3) BETWEEN THE YEARS 2000 AND 2020, THE THREE USER BENEFITS (TRAVEL TIME SAVINGS, CHANGES IN VEHICLE OPERATING COSTS, AND SAVINGS IN ACCIDENT AND INJURY COSTS) WILL PRODUCE AN AGGREGATE SAVINGS OF $1.08 BILLION.

4) THE BENEFIT/COST RATIO COULD BE AS HIGH AS $2.20 TO $2.43.

WHILE THE ABOVE-MENTIONED FINDINGS AND TESTIMONY PROVIDE AMPLE EVIDENCE OF THE ECONOMIC BENEFITS OF THIS HIGHWAY FOR SOUTHWESTERN INDIANA AND THE ENTIRE REGION, OTHER DOCUMENTATION SHOULD BE CONSIDERED.

THIS HIGHWAY REPRESENTS A POTENTIAL SEGMENT OF A NORTH-SOUTH LINK BETWEEN THREE NATIONS: CANADA, MEXICO AND THE UNITED STATES. AN EXTENSION OF I-69 FROM DETROIT, VIA INDIANAPOLIS, EVANSVILLE, MEMPHIS, AND SHREVEPORT, TO HOUSTON WOULD CONNECT INTERNATIONAL PORTS ON THE GREAT LAKES AND THE GULF OF MEXICO. IT WOULD PROVIDE ACCESS FROM WESTERN KENTUCKY AND WESTERN TENNESSEE TO INDIANAPOLIS, DETROIT AND ADDITIONAL POINTS FURTHER NORTH. INDIANAPOLIS TO EVANSVILLE REPRESENTS THE FIRST SECTION OF THIS VITAL LINK.

DUE TO PREDICTIONS OF A MAJOR EARTHQUAKE ALONG THE NEW MADRID FAULT BY THE YEAR 2000 AND THE RESULTING DEVASTATION IT WOULD WREAK ON CITIES SUCH AS EVANSVILLE, SIGNIFICANT FOCUS HAS BEEN PLACE ON EARTHQUAKE PREPAREDNESS. THE HEART OF ANY EARTHQUAKE RECOVERY PLAN LIES IN THE FAST MOBILIZATION OF DISASTER RELIEF TO THE STRICKEN AREAS. SINCE MOST OF THE NECESSARY SUPPLIES, EQUIPMENT, PERSONNEL AND OTHER EMERGENCY NEEDS ARE LOCATED IN AND AROUND INDIANAPOLIS AN INTERSTATE QUALITY HIGHWAY BETWEEN INDIANAPOLIS AND EVANSVILLE IS ESSENTIAL TO ENSURE A PROMPT RESPONSE TO SUCH A CATASTROPHE.

THIS HIGHWAY WOULD ALSO PROVIDE INTERSTATE ACCESS TO THE NAVAL WEAPONS SUPPORT CENTER AND THE ARMY AMMUNITION ACTIVITY CENTER BOTH LOCATED IN CRANE, INDIANA. THIS HIGHWAY IS IMPORTANT FOR PROVIDING DEFENSE ACCESS, CONTINUITY, AND EMERGENCY CAPABILITY FOR THE MOVEMENT OF PERSONNEL AND EQUIPMENT IN BOTH PEACETIME AND WARTIME.

LAST BUT NOT LEAST, THIS HIGHWAY REPRESENTS A DIRECT CONNECTION BETWEEN EVANSVILLE, THE THIRD LARGEST CITY IN INDIANA, AND INDIANAPOLIS, THE STATE CAPITAL. THE LACK OF ACCESS TO THE STATE CAPITAL ISOLATES THIS CORNER OF THE STATE FROM THE CENTRAL FOCUS OF INDIANA'S ECONOMIC, POLITICAL, AND SOCIAL ACTIVITIES. THIS CONNECTOR ROUTE ALSO WOULD PROVIDE DIRECT ACCESS TO BLOOMINGTON, WHICH IS THE HOME OF INDIANA UNIVERSITY AND OVER 33,000 STUDENTS.

PLEASE FIND ATTACHED TWO MAPS WHICH ILLUSTRATE THE INDIANAPOLIS TO EVANSVILLE CORRIDOR.

THIS LIST IS NOT MEANT TO BE EITHER COMPLETE OR COMPREHENSIVE. HOWEVER, IT DOES REPRESENT MANY OF THE MAJOR ARGUMENTS IN SUPPORT OF THIS PROJECT.

PUBLIC SUPPORT FOR AN EXTENSION OF I-69 FROM INDIANAPOLIS TO EVANSVILLE AND POSSIBLY TO POINTS FURTHER SOUTH IS NOT LIMITED TO SOUTHWESTERN INDIANA. SIX AMERICAN AUTOMOBILE ASSOCIATION (AAA) CLUBS AND ONE CANADIAN AUTO ASSOCIATION (CAA) CLUB, TOGETHER REPRESENTING OVER 2.8 MILLION MEMBERS, HAVE JOINED IN SUPPORT OF THIS PROJECT. THE CLUBS ARE: ALABAMA MOTORISTS ASSOCIATION, BLUE GRASS AUTOMOBILE CLUB (LEXINGTON, KY), AAA CHICAGO MOTOR CLUB, AAA HOOSIER MOTOR CLUB (INDIANAPOLIS), AAA MICHIGAN, AAA SOUTHERN INDIANA, AND CAA WINDSOR, ONTARIO.

IN RECOGNITION OF THE IMPORTANCE OF THIS PROJECT AND IN DEMONSTRATION OF ITS COMMITMENT, GOVERNOR EVAN BAYH AND THE STATE OF INDIANA HAVE BUDGETED $235 MILLION FROM HOOSIER LOTTERY PROCEEDS FOR THE CONSTRUCTION OF THIS HIGHWAY AND AN ADDITIONAL $5 MILLION FOR DESIGN WORK. THE STATE IS HOPING TO BEGIN CONSTRUCTION ON THE TWO FOUR-LANE PORTIONS OF THE HIGHWAY BETWEEN NEWBERRY AND BLOOMINGTON IN 1996. THE STATE ESTIMATES THAT THIS PROJECT WILL COST $790 MILLION TO COMPLETE.

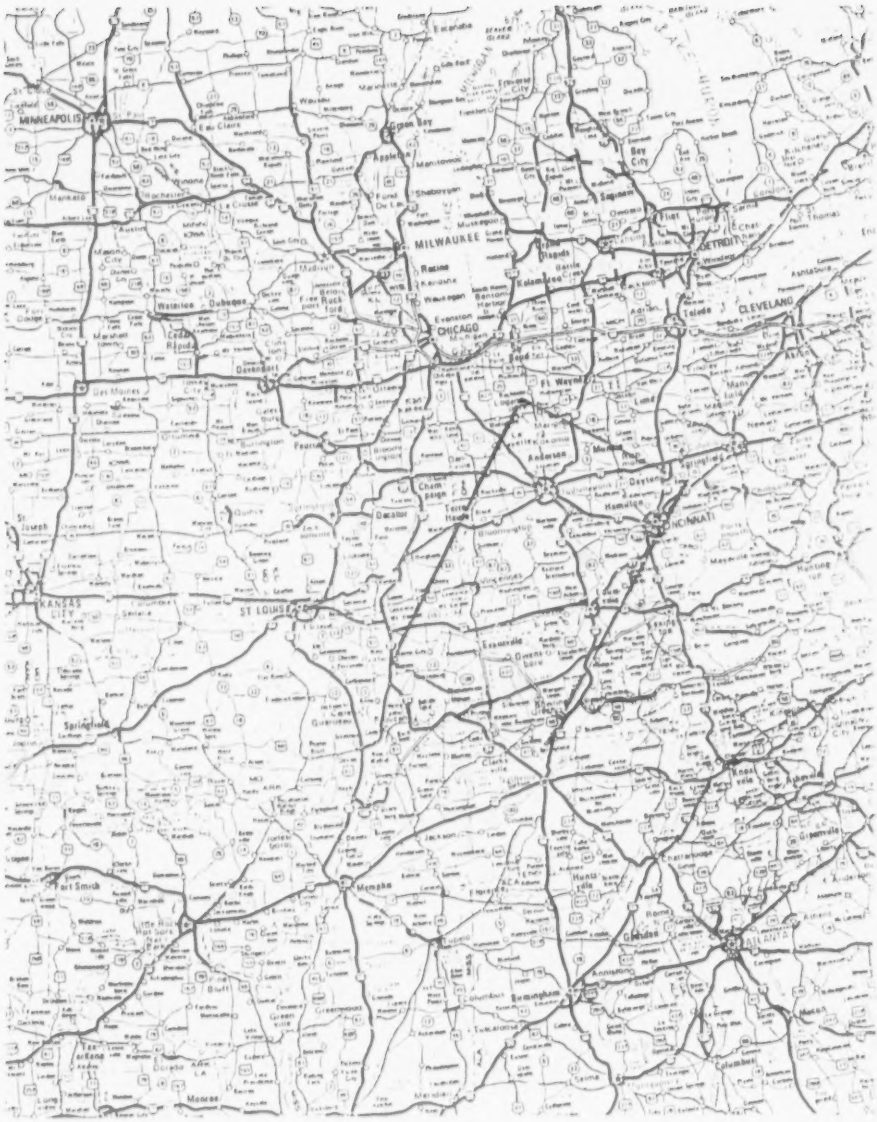
THE STATE HAS BEGUN PRELIMINARY ENGINEERING STUDIES ON THE HIGHWAY SEGMENTS BETWEEN BLOOMINGTON AND EVANSVILLE AND HAS CONTRACTED ADDITIONAL STUDIES FOR THE TWO SEGMENTS BETWEEN NEWBERRY AND PETERSBURG AND PETERSBURG AND EVANSVILLE. THE STUDIES ARE EXPECTED TO BE FINISHED BY THE END OF NOVEMBER 1991 AT A COST OF $2.3 MILLION. IN ADDITION, NUMEROUS PUBLIC HEARINGS HAVE BEEN HELD BY THE INDIANA DEPARTMENT OF TRANSPORTATION TO DETAIL RECENT DEVELOPMENTS WITH REGARD TO THIS UNDERTAKING.

PLEASE FIND ATTACHED LETTERS FROM THE COMMISIONER OF THE INDIANA DEPARTMENT OF TRANSPORTATION, CHRISTINE W. LETTS, WHICH DETAIL THE STATE'S INVOLVEMENT AND SUPPORT FOR THE CONSTRUCTION OF AN INTERSTATE QUALITY HIGHWAY BETWEEN EVANSVILLE AND INDIANAPOLIS.

IN THE NEAR FUTURE I WILL BE ASKING CONGRESS TO ASSIST INDIANA IN ITS COMMITMENT TO THIS PROJECT. BY 1993, INDOT ANTICIPATES COMPLETING THE DESIGN WORK FOR THE FIRST SECTION OF THIS HIGHWAY BETWEEN BLOOMINGTON AND NEWBERRY AT A COST OF $6 MILLION. IN ADDITION, INDOT HOPES TO BEGIN THE DESIGN WORK FOR THE SECOND PORTION OF THIS HIGHWAY BETWEEN NEWBERRY AND PETERSBURG AT A COST OF $2 MILLION DURING THE SAME TIME PERIOD. THEREFORE, I WILL BE ASKING CONGRESS FOR $8 MILLION TO ASSIST IN THIS DESIGN WORK.

PLEASE FIND ATTACHED A LETTER FROM COMMISSIONER LETTS OUTLINING THE FEDERAL COMMITMENT DESIRED.

A COMBINED STATE AND FEDERAL COMMITMENT WILL HELP TO CONTINUE WORK ON THIS PROJECT WHICH IS VITAL FOR THE ECONOMIC DEVELOPMENT OF SOUTHWESTERN INDIANA AND THE IMPROVEMENT OF SAFETY CONDITIONS ON THE ROUTE BETWEEN EVANSVILLE AND INDIANAPOLIS. THE MERITS OF THIS HIGHWAY AS LISTED ABOVE WARRANT THE FEDERAL COMMITMENT NECESSARY TO BRING THIS PROJECT TO FRUITION.


MINNEAPOLIS
MILWAUKEE
CHICAGO
DETROIT
CLEVELAND
CINCINNATI
ST LOUIS
KANSAS CITY
Memphis
Birmingham

## INDIANA — Congressional Districts, Counties, and Selected Places — *(10 Districts)*

Congressional districts established September 1, 1981; all other boundaries are as of January 1, 1980.

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State Office Building
Indianapolis, Indiana 46204-2249
317-232-5526

February 1, 1991

The Honorable Norman Y. Mineta, Chairman
Subcommittee on Surface Transportation
U.S. House of Representatives
2350 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Mineta:

I am writing to you to provide information on Indiana's position for the extension of Interstate 69 from Indianapolis, Indiana to Evansville, Indiana. I have attached correspondence with Congressman Lehman which will greatly detail the need and the importance of this extension.

I would like to also take this opportunity to provide additional information concerning Indiana's commitment to this project. The Indiana Department of Transportation has currently scheduled $235 million of federal and state funds for work on this extension. Currently being undertaken are 3 design studies at a cost of $2.3 million which will help locate the best route for this extension. Finally as part of our state biennium budget process we currently have budgeted an additional $5 million for design consultants. As you can see by these financial commitments we believe this project is vital to the economic development of Southwest Indiana.

If you desire further information please feel free to contact me. I believe that a joint effort between federal and state/local governments is the best way to see this project become reality.

Sincerely,

Christine W. Letts
Commissioner

CWL:RS:kp
Attachments

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December 19, 1990

The Honorable William Lehman
Chairman, Subcommittee on Transportation
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Lehman:

The Federal Highway Administration (FHWA), via a July 19, 1990 letter to you from Mr. T.D. Larson, submitted its report on the results of the "Southwest Indiana Highway Feasibility Study" to Congress. This was in response to House Report 100-202 and Senate Report 100-198 of the United States Department of Transportation's Fiscal Year 1988 Appropriations Act. The Indiana Department of Transportation (INDOT) managed the consultant-prepared feasibility study at the request of FHWA. I am writing in an attempt to clarify misconceptions that may have been left by the FHWA letter so that the record before Congress reflects a balanced view of this study and, more importantly, the underlying project.

The study was initiated in response to the lack of highways connecting major cities in Southwest Indiana (primarily Evansville, Indiana's third largest city) with the state capital, Indianapolis. The need for improved highways in this part of the state is partially reflected in the strong support for the project expressed at the thirteen public meetings held during the course of the study. Over 2,600 people attended these meetings, and hundreds of letters were received supporting highway improvements in Southwest Indiana.

In the FHWA letter Mr. Larson indicates that, based on the consultants' analysis, the proposed highways, including a freeway facility between Indianapolis and Evansville, are at best marginal from a cost-effectiveness standpoint. On behalf of the State of Indiana, I strongly disagree with this conclusion.

The study demonstrated that construction of a direct freeway route between Indianapolis and Evansville would generate $237 to $917 million dollars of economic benefits and between 2,165 and 3,384 new jobs. Based on the consultant team's recommended assumptions (five percent discount rate and the "realistic" set of economic growth conditions), the freeway route received a 1.23 benefit-cost ratio. While this ratio clearly exceeds 1.0, it should be pointed out that the consultants also prepared another set of assumptions based on the same discount rate but using a more "optimistic" set of economic growth conditions. Under this second set of assumptions the freeway route received an even better benefit-cost ratio of 1.54.

It is important to note that another nationally known consultant team, retained by the City of Evansville and Vanderburgh County and sponsored by the Greater Evansville Chamber of Commerce, reviewed the analysis and findings of the "Southwest Indiana Highway Feasibility Study." In this review, attached as an addendum to the study report your subcommittee received, the other consultant team found that the report was very conservative in its statement of benefits. They pointed out the following:

1. Benefits during construction from dollars contributed by state, local and private sources should have been included and would increase the benefit-cost ratio to 1.82 (1.51 under the study's lower set of assumptions);
2. The number of jobs generated by additional business expansion in the Evansville region appears too conservative. Additional jobs generated by highway induced expansion could raise the benefit-cost ratio to 2.07 (1.76 under the study's lower set of assumptions);
3. Economic benefits from outside Indiana should have been included since, at a minimum, Western Kentucky would also benefit from an improved north-south route to Indianapolis. Including out-of-state benefits could raise the benefit-cost ratio to 2.16 (1.82 under the study's lower set of assumptions);
4. Financing obtained from public-private partnerships has not been reflected in the study's final data and conclusions. By using a conservative figure of 10% of the total costs the benefit-cost ratio for public funds could reach 2.39 (2.02 for the study's lower set of assumptions).

As you can see from the above discussion, necessary yet minor changes in the study's assumptions and analysis could have significant impacts on the benefit-cost ratio and place it well in excess of 1.5.

Even though this project has demonstrated a positive benefit-cost ratio, a broader view than cost-effectiveness alone must be taken when deciding the future of these projects, particularly the facility to Evansville. Related to this, I would note that if cost-effectiveness had been the major consideration when the Interstate System (one of the most successful public works projects in history) was built, a number of segments would never have been developed.

The highway between Indianapolis and Evansville is needed to assure this part of our state greater accessibility to the rest of the nation, and thereby, lay the groundwork for future economic growth in Southwest Indiana. In addition, this highway should be part of a larger project to extend I-69 from Central Michigan (where it serves Lansing and Flint and also connects with I-94 serving Detroit) to Memphis. This extension would give the

industrial midwest a more direct connection to the growing markets and population of the mid-south and southwest, enhancing commerce and economic development in the Greater Detroit to Memphis corridor. This project is truly one of a national character.

I must also voice a specific objection to Mr. Larson's reference to "earlier studies", going back as far as 1966, which purportedly "found insufficient justification for construction". These "studies", many of which examined other corridors and focused on different issues, are wholly irrelevant to the study and currently contemplated project at hand. Congress recognized this when it commissioned the federal study. I trust you will properly ignore Mr. Larson's gratuitous and inappropriate reference to these outdated and irrelevant studies.

In addition to my concern that possible misconceptions raised by Mr. Larson's letter be clarified, I also wish to stress Indiana's commitment to the roadway from Indianapolis to Evansville. This commitment is reflected in Governor Bayh's testimony to Congress regarding future highway funding, which included the following excerpt:

> "Indiana has been, and will continue to be, a good partner for transportation projects in general. We have committed ourselves to long-range intermodal planning and identifying new transportation infrastructure funding sources. In addition, Indiana is being a good partner specifically for the Evansville-to-Indianapolis project. We are spending millions of dollars on location and preliminary environmental studies to further specify the route along the corridor that a $500,000 federal study last summer found had a positive benefit/cost ratio.
>
> We have placed in our program, and are fully developing for construction, a significant new four-lane segment of the route, which has an estimated construction cost in excess of a quarter of a billion dollars. My administration is committed to securing this funding, the Indiana legislature permitting, from the Build Indiana Fund and other state sources, if necessary. We are prepared to continue to provide our fair share of the financial commitment for this project but need our partners at the federal -- and to a lesser degree the local -- level to meet their partnership obligations so that an interstate quality facility can be completed between Indianapolis and Evansville."

Work costing millions of dollars is already underway on location and environmental studies for the Indianapolis to Evansville route.

In addition to the state's support for this roadway, it is also important to highlight local efforts toward developing the route. Currently, local entities in the corridor have organized a forum to develop local support and funding. This organization representing counties, cities, towns and other communities has been very active in working with all levels of government, whose cooperation is essential in development of this project. There is also local interest in creating a regional infrastructure authority to provide support for implementing the Indianapolis to Evansville highway.

As you know, it is not the job of any consultant to decide whether this road is built. Studies such as this are relatively new and will be useful in providing data to decision-makers. However, we must be very careful not to abdicate our decision-making to tables of numbers. While the study is helpful to decision-makers, its analysis is open to interpretation, and the final decision lies with elected officials at all levels of government, including the federal government. Indiana's state and local governmental officials are committed to this project and need the support of federal elected officials and federal dollars to bring about the Indianapolis to Evansville freeway. For this reason I appeal for your support and that of the subcommittee members for a financial commitment toward implementing the Indianapolis to Evansville freeway and the larger project of an I-69 extension to serve the Greater Detroit to Memphis corridor.

Sincerely,

Christine W. Letts
Commissioner

CWL:GJR:gf
cc: The Honorable Lawrence Coughlin
Ranking Minority Member
Subcommittee on Transportation
Committee on Appropriations
United States House of Representatives

The Honorable Frank R. Lautenberg
Chairman, Subcommittee on Transportation and Related Agencies
Committee on Appropriations
United States Senate

The Honorable Alfonse M. D'Amato
Ranking Minority Member
Subcommittee on Transportation and Related Agencies
Committee on Appropriations
United States Senate

bcc: Congressman Frank McCloskey

Congressman Lee H. Hamilton

Senator Richard G. Lugar

Senator Dan Coats

The Honorable Frank McDonald II
Mayor, City of Evansville

Mr. Robert Leich
Chairman, Evansville-Indianapolis Highway Subcommittee
Metropolitan Evansville Chamber of Commerce

File ✓

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OFFICE OF THE COMMISSIONER
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April 8, 1991

The Honorable Frank McCloskey
United States House of Representatives
127 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman McCloskey,

Thank you for attempting to secure an additional $8 million from Congress to help fund the Indianapolis to Evansville highway.

As you are aware, the Department has entered contractive agreements with three different consulting firms for the purpose of determining the most feasible corridor for this route. After this phase is complete, the environmental and design process would follow. The total costs of these activities are currently estimated at $14.1 million. The additional $8 million in funding would be applied to continue this project and help complete further stages of development.

If you desire further information please feel to contact me.

Sincerely,

Christine W. Letts,
Commissioner

Mr. MINETA. We will then proceed with our colleague from Virginia, Mr. Wolf. Frank, I want to say thanks for all the help you've been to us on the appropriations committee. Your statement will be made a part of the record, and you may proceed in your own fashion.

## TESTIMONY OF HON. FRANK R. WOLF, A REPRESENTATIVE IN CONGRESS FROM VIRGINIA

Mr. WOLF. Thank you, Mr. Chairman. I appreciate your comments and I appreciate the opportunity to testify. This bill will probably be the most important bill to pass this Congress.

In 1956, we passed the interstate program to achieve unfettered mobility, an important goal for a free people. Now, 35 years, $111 billion, and 42,000 miles later, the American family can load up the station wagon and make an effortless trip to see grandparents and cousins in other parts of the country. As Americans have gravitated to the urban centers driving our country's economic engine—and my testimony will be mainly for the urban and the suburban areas—our interstate system has become the link back to their extended families.

Today, there is a new centrifugal force flinging families apart, and it's right in their own back yards. Traffic gridlock in urban and suburban communities is taking a toll on the American family that we haven't even begun to quantify.

In its last biennial report to Congress in 1989, the Department of Transportation noted that the overall status of the Nation's highways and bridges continued to improve, but that increased travel is making urban and suburban traffic congestion the primary threat to mobility.

In a survey of participants from the nationwide Transportation 2020 forums in 1989, 80 percent of the 20,000 respondents noted that traffic congestion was a major problem in their communities.

To deal with this problem, the DOT report indicated we would need an additional capacity of 11,000 to 15,000 lane miles or their equivalent, primarily in the Nation's larger urbanized areas. The report also noted that new construction alone will not solve the problem, but that we need a creative strategy combining better traffic management with improved mass transportation.

It is time to really get moving on congestion, particularly in the urban and suburban areas.

As we begin the process of reauthorizing the surface transportation program, the question this committee and Congress faces is: With the Interstate Highway System virtually completed, where do we go from here? The answer to that is clear. We must now take bold steps to unclog the Interstate highways in our urban communities nationwide. We must give back to American commuters the most precious commodity, more time to spend with their families.

That's why I have reintroduced H.R. 946, the Gridlock Relief for Interstates Program (GRIP), which is identical to S. 369, which has been introduced by Senator Warner in the Senate. Last year, we had 60 co-sponsors on the bill, including the distinguished Chairman, Mr. Roe, and it was strongly supported by a number of the urban and suburban newspapers in metropolitan areas.

Recognizing that the total solution to gridlock is not merely adding more lanes for more cars, the GRIP bill would also promote mass transportation. In addition to expanding the capacity of Interstate highways, funds authorized under H.R. 946 could also be used to acquire rights-of-way for construction of mass transit facilities and land for park-and-ride-type facilities. Also, GRIP funds could be used for construction of noise walls or other sound abatement devices. And if you are going to take somebody's back yard so people can get to work, then I think we have an obligation to protect those individuals in an environmental way to make sure that their house doesn't lose value and it is still a good place to live.

When I introduced this legislation in the last Congress, it struck a chord nationwide, marshalling support of dozens of local governments, industry groups, many colleagues in the House and the Senate, and newspapers around the country.

The nature of the traffic problems endured in this Nation's urban and suburban areas is well chronicled by the number and headlines that show a shocking descent into total traffic paralysis The costs associated with this congestion are tallied in stories about traffic accidents, lost worker productivity, extra gasoline consumption, and businesses that decide not to locate in a certain area because of inadequate infrastructure.

But how do we quantify the human costs of traffic congestion. The anxiety that comes with hours of daily commuting not only reduces worker productivity, it rips at the fabric of the family structure.

What is the price of missing an appointment? Missing your airplane? Missing your child's school play? Being late again to pick up your child at a day care center? These are frantic scenes played out daily in congested communities across the country and I believe they make a compelling case for a program like GRIP.

For example, funds provided under the GRIP bill could offer relief in the Washington, DC area by perhaps widening I–66 from the Capital Beltway to Prince William County where virtual gridlock occurs, bottlenecks on the Capital Beltway and other places like that. GRIP funds would offer the same potential relief to urban and suburban areas nationwide because traffic congestion is not unique to the Washington, DC area. It would address the congestion problems in Chicago, New York City, San Francisco, Philadelphia, Atlanta, Houston, New Jersey, and many other—not many, but all of the urban and suburban areas in the United States.

In closing, at last year's nationwide Transportation 2020 forums, witness after witness catalogued critical transportation needs in suburban and urban areas. For example, California witnesses cited $2 million daily in lost productivity and North Carolina, which is not a completely urbanized State, noted that every one of its cities with more than 100,000 citizens had recently passed a major transportation bond issue by overwhelming margins.

I firmly believe that GRIP represents the type of funding program desperately needed throughout the country, and I sincerely hope and urge that the committee put language in that will help the urban and suburban areas around the country to deal with this critical problem.

Again, I thank the Chairman for this opportunity to testify.

Mr. MINETA. Thank you very much, Congressman Wolf, not only your innovation in putting together GRIP, but also in terms of your testimony here today.

The problem I find is probably twofold. One is related to the Clean Air Act that we passed this last year. What you are focusing on is expanding the capacity of congested Interstates. The problem is that there are many urbanized areas which are not going to be in compliance with the Clean Air Act and they are probably going to have a very tough time of even attaining the goals of the Clean Air Act. So would it be appropriate in these areas to include construction of transit capital projects as eligible projects for congestion relief funds?

GRIP is a great acronym, but I am just wondering if we are just to concentrate on the Interstate congestion aspect of this whether or not we wouldn't be really adding to further gridlock. Would you consider broadening the range of roads eligible for GRIP funds where improvements off the Interstate on parallel arterials and city streets would have greater impact on traffic congestion.

Mr. WOLF. Personally, Mr. Chairman, yes, I would. And I also would urge that it be used to acquire the rights-of-way for the construction of mass transit facilities and also land for park-and-rides, as provided in the bill. It isn't just enough to expand, let's say the Beltway; you also have to be very aggressive in the area of mass transit and park-and-rides. So, yes, I would be open to something like this.

I think the people in urban and the suburban areas, in particular, are paying the gasoline taxes. So I think we should be as creative as possible. So, yes, I would be very open.

Mr. MINETA. Of course, you have struck a very sensitive chord on that aspect of it because those of us on this committee feel that though people are paying the user fee and that it is going into the Highway Trust Fund, unfortunately, because of the cap that's placed on us, the additional amounts that are being generated, for example, as a result of last year's budget summit agreement with the 5 cents additional gasoline tax, that we're not even getting the use of the 50 percent that's going into the Highway Trust Fund.

When the budget summit agreement was reached and they said 50 percent will go to budget deficit reduction, 50 percent to the Highway Trust Fund, we can't use the 50 percent going to the Highway Trust Fund, so from my perspective 100 percent is going to deficit reduction and the people are not getting what they bargained for—namely, transportation improvement—from the gasoline tax. I know you well understand that issue and, of course, are constrained by 302(a) and 302(b) provisions of the Budget Act when it comes to your work on the Appropriations Committee.

Mr. WOLF. Mr. Chairman, I agree with you. But I sense that may very well change once this committee passes a bill, and I honestly believe this will probably be the most important bill in this Congress. That's why I appreciate this committee moving so quickly and the Chairman's insistance on a long-term bill. There was some talk of a one-year extension or a two-year extension; that would be a guarantee that nothing would be done. But I think you are going to see change once there is a Highway bill in effect.

Mr. MINETA. That's why the Chairman of the full committee and I met with the Budget Committee Chairman, trying frankly to recover that 2.5 cents that's going to the deficit reduction. They said no, they didn't want to do anything to disturb the budget summit agreement of 1990. We got the same signal from the Administration in terms of not wanting to change the budget summit agreement, and that we would not be able to get access to that 2.5 cents that's going to deficit reduction. That's why we then had a meeting with the democratic leadership, including the Speaker, the majority whip, chief deputy whip, the vice chairman of the democratic caucus, and were able to make the case to them of going for an additional 5 cents on the gasoline tax with mandatory spending, making it an entitlement program so that we don't get caught in the same trap that we found ourselves in as a result of the budget summit agreement of 1990.

So, the needs are there without a doubt. In the 1960s and the 1970s we spent some 2.3 percent of GNP on our transportation network and today that has dropped to .4 percent, making us now number 55 in the world in capital investment in transportation. So what we're trying to do is make up for lost time, trying to get our transportation network into the position it should have been at this point as we really get prepared for the 21st century.

The Chairman of our full Committee on Public Works has just done yeoman work on this whole issue and I know that with the support of the members of the Congress on a bipartisan basis, and that's the case here on this committee, that we are trying to push for the most expansive program that we can find from and authorizing committee's perspective and then let the Budget Committee and the Appropriations Committee do their thing. But we don't feel constrained by any budget or appropriations constrictions. We feel we have got to do from an authorizing committee's perspective what has to be done.

So, to that extent, your suggestion of GRIP is a good start and I am just hoping that we might be able to expand on it in terms of allowing transit capital projects as eligible projects for congestion relief as well.

Thank you very much.

Mr. WOLF. Thank you.

Mr. MINETA. Does the Chairman of the committee or any others have questions for our fine colleague from northern Virginia, Mr. Wolf?

If not, again, thank you very, very much.

Mr. WOLF. Thank you, Mr. Chairman, members of the committee.

[Mr. Wolf's prepared statement follows:]

TESTIMONY

CONGRESSMAN FRANK R. WOLF

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

SUBCOMMITTEE ON SURFACE TRANSPORTATION

April 10, 1991

Mr. Chairman, thank you for the opportunity to discuss surface transportation reauthorization, one of the most important challenges facing Congress since the Eisenhower era.

It was then, in 1956, that we undertook the bold initiative of linking this vast nation coast-to-coast with an interstate highway system. For commerce and defense security reasons, we needed this system, but there was another reason as well. Part of being a free people is unfettered mobility.

Now, 35 years, $111 billion, and 42,000 miles later, the American family can load up the station wagon and make an effortless trip to see grandparents and cousins in other parts of the country. As Americans have gravitated to the urban centers driving our country's economic engine, our interstate highway system has become the link back to their extended families.

Today, there is a new centrifugal force flinging families apart, and it's right in their own back yards. Traffic gridlock in urban/suburban communities is taking a toll on the American family that we haven't even begun to quantify.

Here is a very telling fact: If you get in your car and drive the 3,000 miles from the western edge of Fairfax County, Virginia, to the eastern edge of Los Angeles County, California, you will encounter far fewer backups than you would driving the 30 miles from the edge of either of those communities into work on any given weekday morning.

In its last biennial report to Congress in 1989, the Department of Transportation (DOT) noted that the overall status of the nation's highways and bridges continued to improve, but that increased travel is making urban and suburban traffic congestion the primary threat to mobility.

In a survey of participants from the nationwide Transportation 2020 forums in 1989, 80 percent of the 20,000 respondents noted that traffic congestion was a major problem in their communities.

According to statistics compiled by the Federal Highway Administration, in just the three years between 1985 and 1988, overall traffic delay from congestion grew by 57 percent.

To deal with this problem, the DOT report indicated we would need an additional capacity of 11,000 to 15,000 lane-miles or their

equivalent, primarily in the nation's larger urbanized areas. The report also noted that new construction alone will not solve the problem, but that we will need a creative strategy combining better traffic management with improved mass transportation. In other words, a strong intermodal system as you suggested, Mr. Chairman, in your statement earlier this year.

It is time to stop wringing our collective hands and take action as bold as that embarked upon 35 years ago.

**If we are to solve our transportation problems, we must implement that legendary Noah Principle. No more prizes for predicting rain. Prizes only for building arks.**

As we begin the process of reauthorizing our surface transportation program, the question this committee and Congress faces is: With the interstate highway system virtually completed, where do we go from here? The answer to that is clear. We must now take bold steps to unclog the interstate highways in our urban communities nationwide. We must give back to American commuters that most precious commodity, more time to spend with their families.

That is why I have re-introduced H.R. 946, the Gridlock Relief for Interstates Program (GRIP). Identical legislation, S. 369, has been introduced in the other body by our colleague, Senator John Warner.

GRIP would redirect $2 billion a year from existing funds to expand the capacity of heavily traveled portions of the federal interstate system in communities nationwide of more than 50,000 citizens. The formula for apportioning funds under this program would emphasize vehicle miles traveled, rather than lane miles, an adjustment made to the bill this year to more efficiently target the problem of traffic congestion.

Recognizing that the total solution to gridlock is not merely adding more lanes for more cars, GRIP would also promote mass transportation. In addition to expanding the capacity of interstate highways, funds authorized under H.R. 946 could be used to acquire rights-of-way for construction of mass transit facilities and land for park-and-ride type facilities. Also, GRIP funds could be used for construction of noise walls or other sound abatement devices.

When we introduced this legislation in the last Congress, we struck a chord nationwide, marshalling support from dozens of local governments, industry groups and our colleagues in the House and Senate. The legislation also garnered editorial endorsements from several of the nation's large newspapers such as The Atlanta Constitution and The Washington Post.

The nature of the traffic problems endured in this nation's urban/suburban areas is well chronicled by number and headlines that show a shocking descent into total traffic paralysis. The costs associated with this congestion are tallied in stories about traffic accidents, lost worker productivity, extra gasoline consumption, and

businesses that decide not to locate in a certain area because of inadequate infrastructure.

But how do we quantify the human costs of traffic congestion. The anxiety that comes with hours of daily commuting not only reduces worker productivity, it rips at the fabric of the family structure.

What is the price of missing an appointment? Missing your airplane? Missing your child's school play? Being late again to pick up your child at the day care center?

These are frantic scenes played out daily in congested communities across the country and they make a compelling case for a program like GRIP.

For example, funds provided under the GRIP bill could offer relief in the Washington area by being used to widen I-66 from the Capital Beltway to Prince William County where virtual gridlock occurs every day during rush hours. Bottlenecks on the Capital Beltway (I-495) could be eliminated.

GRIP funds would offer the same potential relief to urban/suburban areas nationwide because traffic congestion is not unique to the Washington metropolitan area. This program would

address the problem of traffic congestion in Chicago, New York City, San Francisco, Philadelphia, Atlanta, Houston, New Jersey and many other areas throughout the country.

At last year's nationwide Transportation 2020 forums, witness after witness catalogued critical transportation needs in suburban and urban areas. For example, California witnesses cited $2 million daily in lost productivity and North Carolina noted that every one of its cities with more than 100,000 citizens had recently passed a major transportation bond issue by overwhelming margins.

I firmly believe GRIP represents the type of funding program desperately needed throughout the country, and I urge that it be included as an amendment to the final surface reauthorization package we pass in the Congress.

Mr. Chairman, it is a daunting task facing this committee, and I thank you for the opportunity to provide input in this important issue.

Mr. MINETA. I think at this same time I will also call on our colleague Mr. Richardson, who has to go over to another committee, to testify at this same point.

So, Mr. Richardson, if you may proceed with your testimony.

## TESTIMONY OF HON. BILL RICHARDSON, A REPRESENTATIVE IN CONGRESS FROM NEW MEXICO

Mr. RICHARDSON. Mr. Chairman, thank you very much also for your courtesy in allowing me to testify at this time. I was here before and I did have a mark-up.

Mr. Chairman, I am going to be very brief because I know that this is the most constructive way to run a hearing and possibly even get favorable consideration from this committee. So I will simply stress that my main concern is a number of roads that are in desperate shape on some of my Indian Reservations in New Mexico.

There is basically in the Administration bill inadequate funding for many Indian roads. The results of a survey of 20,000 miles of Bureau of Indian Affairs roads are deplorable. Only 11 percent of the paved roads and 0 percent of the unpaved roads were rated as good, while 53 percent of the paved roads and an astounding 90 percent of the unpaved roads were rated as poor. Fair condition was given to only 36 percent of the paved roads and 10 percent of the unpaved roads.

The situation in my State reflects those found in the Bureau of Indian Affairs study. Mr. Chairman, in my State, we have over 7,000 miles of Indian roads on over 8 million acres of Indian land. What we are talking about is only 2,589 miles of these roads are paved. The remaining 4,438 miles are either gravel or dirt roads, and the majority of these, over 4,000, being dirt roads.

The level of funding that has previously been provided to address the roads of the Indian people of this country is truly inadequate. While the Administration proposal does include an increase in funding for Indian roads, a very slight increase, it simply isn't enough to bring their deteriorating and inadequate road system up to acceptable standards.

I would hope that in the course of dealing with this legislation, Mr. Chairman, that in the spirit that you have always had in holding hearings around the country, you come to some of these Indian Reservations to look at these problems. I am talking about the Jicarilla Apache State Road 537; I am talking about Pojoaque road improvements, the State of New Mexico has made this their top priority with you; the Alamo/Navajo road project, the U.S. 666 Navajo Reservation road project, the Fernando de Taos project, the Chaco Cultural National Historical Park access road, the Albuquerque Access Road, the Unser Boulevard Arterial Road, the Aztec/Colorado road project, the Raton/Clayton road project, the Pedestrian overpass in Tohatehi, and the Columbus/Anapra Road project.

Mr. Chairman, I know that you have a lot of requests from members of the Congress, and I know that you have got to decide on these priorities. I am just submitting these with appropriate documentation in the hope that you consider them. Again, Mr. Chair-

man, in Indian country and 20 percent of the population that I represent, we have a forgotten Nation. We are worried enormously about Iraq, as we should, about the Kurds, we're worried about Third World infrastructure problems in Eastern Europe. But, Mr. Chairman, I suggest that sometimes we turn and look at the lack of sanitary conditions, transportation, and opportunities for economic development for our Native Americans in our own country. For that reason, Mr. Chairman, I would urge that you favorably consider these requests and requests generally submitted by other members that have large Native American populations.

Thank you, Mr. Chairman.

The CHAIRMAN [assuming the chair]. I thank the distinguished gentleman from New Mexico for excellent testimony. I think the analogy made was very correct, and you can be assured the committee will take this into consideration and pursue some of the thoughts you have expressed here today. Thank you very much for being with us.

Mr. RICHARDSON. Thank you, Mr. Chairman.

The CHAIRMAN. Your statement will appear in full in the record.

Mr. RICHARDSON. And you will read it.

The CHAIRMAN. Oh, yes, you better believe I'll read it. You can go ahead if you want to go on to your other meeting.

[Mr. Richardson's prepared statement follows:]

APRIL 10, 1991

CONGRESSMAN BILL RICHARDSON
TESTIMONY BEFORE THE HOUSE
SUBCOMMITTEE ON SURFACE TRANSPORTATION

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE FOR THIS OPPORTUNITY TO TESTIFY ON THE REAUTHORIZATION OF THE SURFACE TRANSPORTATION BILL. SPECIFICALLY, I WOULD LIKE TO ADDRESS THE INADEQUATE FUNDING LEVEL FOR INDIAN ROADS AND SEVERAL PROJECTS OF IMPORTANCE TO MY DISTRICT.

INDIAN ROAD FUNDING

NEW MEXICO IS A RURAL STATE IN WHICH 25 DIFFERENT INDIAN TRIBES RESIDE. MOST OF THESE RESERVATIONS ARE LOCATED IN ISOLATED AREAS WHERE THERE IS LITTLE ECONOMIC OPPORTUNITY. IN ORDER TO PROVIDE ECONOMIC OPPORTUNITY TO THESE PEOPLE, IT IS ESSENTIAL THAT ADEQUATE ROAD SYSTEMS ARE CONSTRUCTED AND MAINTAINED.

HOWEVER, A RECENT SURVEY CONDUCTED BY THE BUREAU OF INDIAN AFFAIRS (BIA) ON THE NEEDS OF THE INDIAN PEOPLE, RATED THE CONDITION OF ALL 20,000 MILES OF BIA ROADS -- THE RESULTS ARE DEPLORABLE. ONLY 11% OF THE PAVED ROADS AND 0% OF THE UNPAVED ROADS WERE RATED AS GOOD, WHILE 53% OF THE PAVED ROADS AND AN ASTOUNDING 90% OF THE UNPAVED ROADS WERE RATED AS POOR. FAIR CONDITION WAS GIVEN TO ONLY 36% OF THE PAVED ROADS AND 10% OF THE UNPAVED ROADS.

THE SITUATION IN NEW MEXICO REFLECTS THOSE FOUND IN THE BIA STUDY. NEW MEXICO CONTAINS OVER 7,000 MILES OF INDIAN ROADS ON OVER 8 MILLION ACRES OF INDIAN LAND. OF THESE ROADS, ONLY 2,589 MILES ARE PAVED. THE REMAINING 4,438 MILES ARE EITHER GRAVEL OR DIRT ROADS, THE MAJORITY (4,249) BEING DIRT ROADS.

MR. CHAIRMAN, THE LEVEL OF FUNDING THAT HAS PREVIOUSLY BEEN PROVIDED TO ADDRESS THE ROAD NEEDS OF THE INDIAN PEOPLE OF THIS COUNTRY IS INADEQUATE. WHILE THE ADMINISTRATION'S PROPOSAL DOES INCLUDE AN INCREASE IN FUNDING FOR INDIAN ROADS, IT SIMPLY IS NOT ENOUGH TO BRING THEIR DETERIORATING AND INADEQUATE ROAD SYSTEM UP TO ACCEPTABLE STANDARDS. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF A SIGNIFICANT FUNDING INCREASE FOR INDIAN ROADS OVER AND ABOVE THAT PROPOSED BY THE ADMINISTRATION.

I WOULD LIKE TO ADDRESS SOME SPECIFIC PROJECTS OF IMPORTANCE TO NEW MEXICO.

JICARILLA APACHE STATE ROAD #537

THE JICARILLA APACHE'S ARE IN NEED OF FUNDING TO CONTINUE THE UPGRADING OF 43.2 MILES OF STATE ROAD #537, WHICH RUNS THE LENGTH OF THE JICARILLA RESERVATION. OVER THE YEARS, HEAVY TRAVEL BY THE OIL AND GAS INDUSTRIES AND THE LOGGING, TIMBER AND CATTLE INDUSTRIES HAVE CAUSED SERIOUS DETERIORATION OF THIS ROAD. BY UPGRADING THIS ROAD THROUGH THE IMPROVEMENT OF THE PAVEMENT

CONDITIONS AND GEOMETRIC CHARACTERISTICS OF THE ROADWAY, RESIDENTS AND INDUSTRIES ARE PROVIDED WITH ENHANCED MOBILITY AND SAFETY. ADDITIONALLY, TOURISTS WOULD HAVE IMPROVED ACCESS TO NORTHERN NEW MEXICO.

THE UPGRADING CONSISTS OF SHOULDER WIDENING, SLOPE FLATTENING, COLD PAVEMENT RECYCLING, AND AN OVERLAY TO PROVIDE STRUCTURAL ADEQUACY. CURRENTLY, 11.5 MILES HAVE BEEN COMPLETED AND 7.1 MILES ARE UNDER RECONSTRUCTION. THE ESTIMATED COST TO COMPLETE THE IMPROVEMENTS OF THE REMAINING 24.6 MILES IS $18 MILLION.

STATE ROAD #537 HAS PREVIOUSLY BEEN FUNDED UNDER THE PUBLIC HIGHWAYS LANDS FUNDS. AS YOU KNOW, THE ADMINISTRATION'S BILL PROPOSES TO DELETE THIS PROGRAM WHICH WOULD ELIMINATE FUNDING FOR THIS ROAD. I RESPECTFULLY REQUEST THAT JICARILLA APACHE STATE ROAD #537 BE INCLUDED AS A DEMONSTRATION PROJECT, PROVIDING FUNDING FOR THE CONTINUED CONSTRUCTION OF THIS IMPORTANT ROAD.

POJOAQUE ROAD IMPROVEMENTS

IN POJOAQUE, U.S. ROAD 84/285, IS NEARING CAPACITY DUE TO THE DRAMATIC INCREASE IN POPULATION AND TOURISM THROUGH THE POJOAQUE PUEBLO, AND MAJOR ROAD-SIDE DEVELOPMENT CONTRIBUTES TO SAFETY HAZARDS. FURTHERMORE, IT IS POSSIBLE THAT SHIPMENTS OF NUCLEAR WASTE FROM LOS ALAMOS TO THE WASTE ISOLATION PILOT PROJECT AT CARLSBAD MAY BE TRANSPORTED ON THIS ROAD. AS A RESULT, THE INTERSECTION OF NM 502 AND U.S. 84/285 IS IN CRITICAL NEED OF ROAD IMPROVEMENTS.

THE PROPOSED IMPROVEMENTS INCLUDE ADDITIONAL THROUGH LANES ON U.S. 84/285, REBUILDING THE INTERCHANGE TO MEET MODERN URBAN STANDARDS AND IMPROVE OTHER INTERSECTIONS INCLUDING THE INSTALLATION OF TRAFFIC SIGNALS. THESE IMPROVEMENTS WILL ENHANCE BOTH SAFETY AND ACCESSIBILITY IN THIS VITAL CORRIDOR. THE ESTIMATED COST TO PROVIDE THESE IMPROVEMENTS IS $12 MILLION. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROJECT.

ALAMO/NAVAJO ROAD PROJECT

ANOTHER IMPORTANT ROAD PROJECT IS THE IMPROVEMENT AND COMPLETION OF NAVAJO 55 (a.k.a. NEW MEXICO ROUTE 169) FROM THE ALAMO NAVAJO RESERVATION TO INTERSTATE 40 VIA THE LAGUNA RESERVATION. THIS ROAD IS APPROXIMATELY 40 MILES LONG AND A MAJORITY OF IT IS UNPAVED OFTEN CAUSING DIFFICULT AND HAZARDOUS TRAVEL CONDITIONS. THIS PROJECT WOULD OPEN UP A NEW AREA FOR TOURISM AND ASSIST LOCAL RESIDENTS SUBSTANTIALLY BY PROVIDING DIRECT ACCESS TO THE NEW SCHOOL AT ALAMO, TO THE CANONCITO NAVAJO COMMUNITY AND TO THE ALAMO-CANONCITO-LAGUNA HOSPITAL.

THE ESTIMATED COST OF RECONSTRUCTION, WHICH INCLUDES PAVEMENT, DRAINAGE STRUCTURES, AND LEVELING AND STRAIGHTENING, IS $21 MILLION. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROJECT.

U.S. 666/ NAVAJO RESERVATION ROAD PROJECT

THE NAVAJO RESERVATION HAS SEEN A SIGNIFICANT RISE IN ITS POPULATION OVER THE PAST FEW YEARS. IN ORDER TO MEET ALL TRAFFIC SAFETY AND CAPACITY NEEDS, U.S. 666 FROM GALLUP TO YAH-TA-HEY INTERCHANGE AND NM 264 FROM THE YAH-TA-HEY INTERCHANGE TO THE ARIZONA STATE LINE HAVE BEEN EXPANDED TO FOUR LANES. HOWEVER, THE 15 MILES OF U.S. 666 FROM YAH-TA-HEY INTERCHANGE NORTH TO TOHATCHI HAS YET TO BE EXPANDED TO A FOUR LANE HIGHWAY.

APPROXIMATELY $15 MILLION IS NEEDED ADDRESS THE SAFETY AND TRAFFIC PROBLEMS OF THE NORTHERN PORTION OF U.S. 666. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROJECT.

FERNANDO de TAOS PROJECT

SAFETY IMPROVEMENTS ARE ALSO NEEDED ON APPROXIMATELY 12 MILES OF U.S. 64 THROUGH FERNANDO de TAOS CANYON EAST OF TAOS. U.S. 64 IS THE MAJOR EAST-WEST ROAD THROUGH NORTHERN NEW MEXICO. THE PORTION THROUGH FERNANDO de TAOS CANYON EAST OF TAOS IS VERY NARROW AND WINDING WHICH CREATES MANY SAFETY HAZARDS AND GREATLY REDUCES TRAFFIC CAPACITY.

IMPROVEMENTS TO THIS ROAD WOULD INCLUDE WIDENING AND TRUCK CLIMBING LANES IN VARIOUS LOCATIONS. THE ESTIMATED COST FOR THIS PROJECT IS $20 MILLION. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROJECT.

CHACO CULTURE NATIONAL HISTORICAL PARK ACCESS ROAD

THE CHACO CULTURE NATIONAL HISTORICAL PARK IS A MAJOR NATIONAL ASSET WHICH HAS VERY POOR ACCESS DUE TO ITS REMOTE LOCATION. THE NM STATE HIGHWAY DEPARTMENT HAS STUDIED MANY WAYS TO IMPROVE ACCESS TO CHACO CANYON AND HAS CONCLUDED THAT AN EAST-WEST ACCESS IS THE MOST PRACTICAL SOLUTION.

SPECIFICALLY, THIS PROPOSAL CONSISTS OF A NEW EAST-WEST CONNECTOR ROAD BETWEEN NM 509 AND NM 371 TO CHACO CANYON AND THE EXTENSION OF NM 509. THE ESTIMATED COST OF BOTH THE EXTENSION AND THE EAST-WEST ACCESS ROAD IS $25 MILLION. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROJECT.

ALBUQUERQUE SUNPORT ACCESS

THE ALBUQUERQUE INTERNATIONAL AIRPORT IS NEW MEXICO'S MAJOR AIRPORT. OVER THE YEARS IT HAS EXPANDED AND CONTINUES TO GROW. AS A RESULT, IMPROVED ACCESS IS NEEDED AND THE STATE OF NEW MEXICO BELIEVES IT IS BEST PROVIDED BY A NEW ROAD FROM INTERSTATE 25. THE ESTIMATED COST OF THIS NEW ROAD IS $9 MILLION. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROJECT.

UNSER BOULEVARD

THE ALBUQUERQUE AREA NEEDS IMPROVED ARTERIAL ROADS, ESPECIALLY ON THE WEST SIDE OF THE RIO GRANDE. UNSER BOULEVARD IS A MAJOR NORTH-SOUTH ARTERIAL CURRENTLY UNDER DEVELOPMENT. MORE THAN $11 MILLION HAS ALREADY BEEN EXPENDED ON THIS ROAD. AN ESTIMATED $35 MILLION IS NEEDED TO CONTINUE THIS ARTERIAL ROAD ON THE WEST SIDE OF THE ALBUQUERQUE URBAN AREA. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROGRAM.

AZTEC/COLORADO ROAD PROJECT

U.S. 550 FROM AZTEC TO THE COLORADO STATE LINE EXPERIENCES A HEAVY INFLUX OF TOURISTS DURING THE SUMMER SEASON. CURRENTLY THERE IS A FOUR LANE SECTION FROM FARMINGTON TO AZTEC. HOWEVER, U.S. 550 FROM AZTEC TO COLORADO HAS NOT BEEN EXPANDED TO HANDLE THE INCREASE CAPACITY AND ENHANCE SAFETY. THE ESTIMATED COST OF EXPANDING THIS ROAD TO FOUR LANES IS $12 MILLION. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROJECT.

RATON/CLAYTON ROAD PROJECT

NEW MEXICO HAS A SIGNIFICANT SEASONAL PEAK OF TRAFFIC ON U.S. 64/87 FROM RATON THROUGH CLAYTON TO THE TEXAS STATE LINE. SPECIFICALLY, IT IS USED AS A BRIDGE ROUTE BETWEEN TEXAS AND COLORADO BY SUMMER TOURISTS. THIS ROAD NEEDS TO BE WIDENED TO FOUR LANES IN ORDER TO MANAGE INCREASED TRAFFIC AND ENSURE SAFETY. THE ESTIMATED COST IS $35 MILLION. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROJECT.

PEDESTRIAN OVERPASS IN TOHATCHI

CHUSKA SCHOOL IS LOCATED ACROSS U.S. HIGHWAY 666 SOUTH OF TOHATCHI IN NEW MEXICO. U.S. 666 IS A HEAVILY TRAVELED HIGHWAY AND IS A DANGER TO STUDENTS WHO MUST CROSS IT TO GET TO SCHOOL. IN ORDER TO SAFELY TRANSPORT CHUSKA STUDENTS FROM THE SOUTH SIDE OF THE TOHATCHI COMMUNITY TO THE SCHOOL, A PEDESTRIAN OVERPASS IS NEEDED OVER U.S. 666. I WILL PROVIDE THE SUBCOMMITTEE WITH ADDITIONAL SPECIFIC INFORMATION ON THIS PROJECT AT A LATER DATE.

COLUMBUS/ANAPRA ROAD PROJECT

THIS 55 MILE, UNPAVED ROAD BEGINS IN COLUMBUS, NEW MEXICO AND CONTINUES EAST TO ANAPRA, NEW MEXICO. THIS ROAD IS IN NEED OF FUNDS FOR PAVING TO RELIEVE TRAFFIC CONGESTION IN JUAREZ, MEXICO, TO INCREASE ECONOMIC DEVELOPMENT FOR LUNA COUNTY, INCREASE SAFETY FOR THE BORDER PATROL IN THAT AREA AND PROVIDE FOR BETTER RELATIONS WITH MEXICO. THE ESTIMATED COST TO PAVE THIS ROAD IS $3.2 MILLION. I RESPECTFULLY REQUEST YOUR CONSIDERATION OF THIS PROJECT.

MR. CHAIRMAN, THANK YOU AGAIN FOR YOUR VALUABLE TIME AND CONSIDERATION OF THESE IMPORTANT ISSUES AND PROJECTS THAT HAVE A SIGNIFICANT IMPACT ON MY CONSTITUENTS AND THE STATE OF NEW MEXICO. I AM HAPPY TO PROVIDE ANY ADDITIONAL INFORMATION AND ANSWER ANY QUESTIONS.

The CHAIRMAN. Now we have with us the honorable Ben Erdreich from the 6th district of Alabama, and Claude Harris from the 7th district of Alabama.

Suppose we call on you first, Ben.

## TESTIMONY OF HON. BEN ERDREICH, A REPRESENTATIVE IN CONGRESS FROM ALABAMA

Mr. ERDREICH. Thank you, Mr. Chairman. In the interest of time, I would ask unanimous consent that my full statement be made a part of your record and I'll just summarize it.

The CHAIRMAN. Without objection, so ordered.

Mr. ERDREICH. I'm here today to urge that the proposed Northern Beltline Freeway and the modification of U.S. Highway 280, which are both in Jefferson County, Alabama, which I represent, be considered for inclusion in the surface transportation authorization bill.

There currently exists a partial Beltway, I-459, which connects I-59 to I-20. The Northern Beltline is a proposed extension, as I view it, of this Beltline. We have got a half a Beltline in the County. This would be a vital freeway addition to our metropolitan areas' economic growth and job development.

This Beltline extension, Mr. Chairman, has broad-base support among the elected officials in my County. Under the leadership of the Jefferson County Commission, local mayors and other officials are committed to this construction, but also they are committed to a plan for infrastructure improvements across the County and in the metropolitan region so that we can have a balanced pattern of development that we all want to see take place across this Nation.

Mr. Chairman, I would also, for the record, like to submit a white paper that was given to me by the County Engineer of Jefferson County, Mr. Jerry Drake. With your permission, I would ask that this be made a part of my submission of testimony.

The CHAIRMAN. No objection, so ordered.

Mr. ERDREICH. Mr. Chairman, aside from the economic benefits to the Birmingham metropolitan area, the Beltline would be an integral part of the National Highway System. It has been included by the State of Alabama in its preliminary Highway System of National Significance.

And also, Mr. Chairman, I would request that the modification of highway 280 also be included in your committee's surface transportation bill. That particular roadway has also been included by the State of Alabama as a Highway of National Significance. The modifications needed on that roadway are vital to eliminate congestion in the southern part of Jefferson County and beyond.

Finally, Mr. Chairman, two last points. I have got a letter that I'll just point out from the Highway Director of the State of Alabama, Mr. Perry Hand, who says that both the Northern Beltline project and the U.S. 280 project are on the State's list of critical needs for the State of Alabama.

In closing, I would add, Mr. Chairman, that this investment in infrastructure for our nation through highways like these two that I'm mentioning are not just a question of convenience for travellers. It is closely and intimately connected with how competitive

our industries are, how productive our economy is, how fast and how far we go in competing with our major competitors around the world.

I thank you for letting me submit this testimony, Mr. Chairman, and hope that we can have favorable consideration.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the distinguished gentleman for his splendid testimony.

The Chair now recognizes the distinguished gentleman from the 7th district of Alabama, Claude Harris.

## TESTIMONY OF HON. CLAUDE HARRIS, A REPRESENTATIVE IN CONGRESS FROM ALABAMA

Mr. HARRIS. Thank you, Mr. Chairman.

I want to thank you and the members of the committee for allowing us time to bring to your attention matters of special concern to our districts and to our State.

Just briefly, I want to say that highway officials in Alabama have mixed feelings about the Administration's highway plan. Our State is not a rich State; in fact, our budget is facing proration at this time. Under the Administration proposal as it now stands, Alabama would have to raise tens of millions of dollars in new revenue just to receive the same level of Federal funding. With the new matching formulas, much needed new construction and maintenance of existing ways will be become impossible for our State.

We have a number of highway needs, such as completion of Corridor X, linking Memphis and Birmingham, and completion of the I-459 Beltway around Birmingham to which Mr. Erdreich just alluded. He and I share common ground in that regard. These two projects have received funding in the past for different phases of work. Both are far from completion and continued support is crucial. In combination, these two projects have the potential not only to link two of the South's major cities, but through the Beltway connections of I-59 and I-65 and I-20 traffic can reach the Gulf Coast, Chicago, and anywhere on the Eastern seaboard. These two projects will be a tremendous economic stimulus to a very depressed region.

My other major priority involves study and engineering monies for an additional bridge over the Warrior River at Tuscaloosa, Alabama. The two existing river bridges have become major bottlenecks, mixing heavy local traffic with through traffic from U.S. 43 and U.S. 82. One bridge is nearing its design capacity and the other one has already exceeded it. Traffic projections done by both the State Highway Department and the local governing bodies show future growth far beyond what the existing structures can handle. Some preliminary funding was provided by this committee for this project last year and I want to thank you for that. We are now at the point that funds are needed to establish the most feasible route for the third bridge, and I am requesting that the committee authorize $350,000 for that purpose.

Again, let me thank you for your time and your consideration.

The CHAIRMAN. We thank both of the distinguished gentlemen from Alabama for your fine testimony. If there are no further questions, your prepared testimony will be put in full in the record.

We greatly appreciate your being with us today.

Mr. ERDREICH. Thank you very much, Mr. Chairman.

Mr. HARRIS. Thank you, Mr. Chairman, and thank the committee.

[Mr. Erdreich's prepared statement and reference material follows:]

STATEMENT OF

THE HONORABLE BEN ERDREICH

before the

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Wednesday, April 10, 1991

10:00 a.m.

MR. CHAIRMAN, I AM HERE TODAY TO REQUEST THAT THE PROPOSED NORTHERN BELTLINE FREEWAY, AND THE MODIFICATION OF U.S. HIGHWAY 280 IN JEFFERSON COUNTY, ALABAMA, WHICH I REPRESENT, BE CONSIDERED FOR INCLUSION IN THE SURFACE TRANSPORTATION AUTHORIZATION BILL.

THERE CURRENTLY EXISTS A PARTIAL BELTWAY, I-459, WHICH CONNECTS I-59 TO I-20. THE NORTHERN BELTLINE IS A PROPOSED 41 MILE HIGHWAY DESIGNED TO COMPLETE THE LOOP AROUND THE BIRMINGHAM AREA BY BEING A NORTHERN EQUIVALENT TO I-459. THE COMPLETION OF THIS FREEWAY IS VITAL TO OUR METROPOLITAN AREA'S ECONOMIC GROWTH AND JOB DEVELOPMENT. DURING THE PAST 20 YEARS, THERE HAS BEEN TREMENDOUS ECONOMIC GROWTH AND DEVELOPMENT IN THE SOUTHERN AND EASTERN SECTIONS OF JEFFERSON COUNTY, ESPECIALLY ALONG THE I-459 CORRIDOR. THE SOUTHERN PORTION OF THE COUNTY HAS BEEN IN SUCH HIGH DEMAND THAT DEVELOPMENT HAS SPILLED OVER INTO ADJACENT SHELBY COUNTY. WITH COMPLETION OF THE NORTHERN BELTLINE, THE IMPETUS FOR FURTHER DEVELOPMENT WOULD EXTEND INTO NORTHERN JEFFERSON COUNTY AND THE ADJACENT COUNTIES OF WALKER AND BLOUNT.

THE NORTHERN BELTLINE HAS BROAD BASED SUPPORT AMONG THE ELECTED OFFICIALS IN JEFFERSON COUNTY, WHO, UNDER THE LEADERSHIP OF THE JEFFERSON COUNTY COMMISSION, ARE NOT ONLY FIRMLY COMMITTED TO ITS CONSTRUCTION, BUT ARE COMMITTED TO PLAN FOR INFRASTRUCTURE IMPROVEMENTS IN ORDER THAT A MORE BALANCED PATTERN OF DEVELOPMENT CAN TAKE PLACE.

MR. CHAIRMAN, I WOULD LIKE TO SUBMIT FOR THE RECORD A WHITE PAPER DEVELOPED BY MR. JERRY DRAKE, DIRECTOR/COUNTY ENGINEER OF THE JEFFERSON COUNTY DEPARTMENT OF ROADS AND TRANSPORTATION GIVING THE SUPPORTING JUSTIFICATION FOR THE NORTHERN BELTLINE.

MR. CHAIRMAN, ASIDE FROM THE ECONOMIC BENEFITS TO THE BIRMINGHAM METROPOLITAN AREA, THE NORTHERN BELTLINE WILL BE AN INTEGRAL PART OF THE NATIONAL HIGHWAY SYSTEM. THE BELTLINE HAS BEEN INCLUDED BY THE STATE OF ALABAMA IN THE PRELIMINARY HIGHWAY SYSTEM OF NATIONAL SIGNIFICANCE. BY CONNECTING THE MAJOR INTERSTATES OF I-20, I-59, AND I-65, THE PRIMARY FEDERAL HIGHWAYS IN THE METRO AREA, THE APPALACHIAN REGIONAL COMMISSION CORRIDOR X HIGHWAY FROM MEMPHIS TO BIRMINGHAM, AND THE TENNESSEE-TOMBIGBEE WATERWAY, THE NORTHERN BELTLINE WILL FACILITATE TRAVEL, ACCESS TO JOBS, AND COMMERCE THROUGHOUT THE ENTIRE NATION.

I WOULD ALSO LIKE TO REQUEST THAT THE MODIFICATION OF U.S. HIGHWAY 280 ALSO BE INCLUDED IN THE SURFACE TRANSPORTATION AUTHORIZATION BILL. U.S. HIGHWAY 280 IS A FEDERAL PRIMARY HIGHWAY THAT EXTENDS FROM MY DISTRICT IN BIRMINGHAM, THROUGH THE SUBURBS OF SOUTHERN JEFFERSON COUNTY. THE RESULTING GROWTH FUELED BY HIGHWAY 280 HAS CREATED SEVERE TRAFFIC CONGESTION PROBLEMS ALONG THE 280 CORRIDOR. A COMMISSION WAS FORMED AT THE STATE AND LOCAL LEVEL TO DEVELOP POSSIBLE SOLUTIONS TO THE CONGESTION PROBLEM ON U.S. 280. SEVERAL RECOMMENDATIONS WERE MADE INCLUDING WIDENING THE ROAD IN PLACES, ADDING NEW TRAFFIC SIGNALS AND RAMPS.

HIGHWAY 280 HAS ALSO BEEN INCLUDED BY THE STATE OF ALABAMA AS A HIGHWAY OF NATIONAL SIGNIFICANCE. THE MODIFICATION OF U.S. HIGHWAY 280 WILL SERVE TO REDUCE THE TYPE OF CONGESTION THAT IS ESTIMATED TO COST INTERSTATE COMMERCE MORE THAN $35 BILLION A YEAR. MR. CHAIRMAN, LIKE THE NORTHERN BELTLINE, THE MODIFICATIONS NEEDED FOR U.S. HIGHWAY 280, WILL, IN CONJUNCTION WITH THE HIGHWAY SYSTEM IN THE BIRMINGHAM METRO AREA, PROVIDE BENEFITS TO THE NATION BY PROVIDING GREATER OPPORTUNITIES FOR BUSINESSES AND THE PUBLIC TO ACCESS MARKETS IN CITIES THROUGHOUT THE NATION IN A MORE EFFECTIVE AND EFFICIENT MANNER.

FINALLY, MR. CHAIRMAN, THE NEED FOR INVESTMENT IN THE INFRASTRUCTURE OF OUR NATION THROUGH HIGHWAYS LIKE THE NORTHERN BELTLINE AND HIGHWAY 280 ARE NOT JUST A QUESTION OF THE CONVENIENCE OF TRAVELERS. IT IS CLOSELY CONNECTED WITH HOW COMPETITIVE OUR INDUSTRIES ARE, HOW PRODUCTIVE OUR ECONOMY IS, HOW FAST AND HOW FAR WE GO IN COMPETING WITH OUR MAJOR COMPETITORS AROUND THE WORLD.

I THANK THE SUBCOMMITTEE MEMBERS FOR THE OPPORTUNITY TO TESTIFY THIS MORNING, AND URGE YOU TO INCLUDE THE PROPOSED NORTHERN BELTLINE, AND THE MODIFICATIONS FOR U.S. HIGHWAY 280 IN THE SURFACE TRANSPORTATION AUTHORIZATION BILL.

March 1991

## NORTHERN BELTLINE FREEWAY

## BIRMINGHAM, ALABAMA METROPOLITAN AREA
## (SUPPORTING JUSTIFICATION)

### Background

In September 1988, the U.S. House of Representatives authorized $675,000 for "expenses necessary to carry out the Alabama Feasibility Study as authorized by section 350 of the Department of Transportation and Related Agencies Appropriations Act, 1988, Public Law 100-202, as amended". Local match in the amount of over $500,000 has been provided to conduct the environmental assessment, economic analysis and engineering for a Northern Beltline Freeway.

By early 1992, a final environmental impact statement is scheduled to be completed in which a feasible alternate will be identified.

### Feasibility

During the past 20 years, new growth and development in the Birmingham Metropolitan Area has been concentrated primarily in the southern and eastern portions of the urban county (Jefferson). The southern portion of Jefferson County has been in such demand that development has spilled into northern Shelby County for the past decade.

Growth in the northern and western portion of the County has occurred at a slower rate in comparison to the southern and eastern areas, inhibited by the lack of an east-west highway (such as the Northern Beltline), land held in large ownership, mining activity in the area, topographic constraints and utility availability.

A "loop" around the northern part of the Birmingham Urban Area will result in a complete beltway which will link suburbs with other suburbs just as high-speed multi-lane radial routes now link suburbs with the central area. Local elected officials, under the leadership of the Jefferson County Commission, are committed to plan for infrastructure improvements, such as water and sewer, in order that a more balanced pattern of development can take place.

Though suburban traffic congestion and traffic demand make the proposed Northern Beltline Freeway feasible, the real demand for this type of highway project is economic

vitality. For example:

- Access to the Tennessee-Tombigbee Waterway via Port Birmingham would be provided.
- The industrial potential of the area would be significantly enhanced, especially in northern Pinson Valley and in the vicinity of Port Birmingham, Appalachian Regional Commission Corridor X and the Northern Beltway.
- The impetus for development would extend beyond Jefferson County into southern Blount and Walker Counties.
- The urban image of the Birmingham Area would be enhanced with the perception of an adequate interstate system complete with a beltline to funnel traffic from the downtown area. No longer would the Birmingham Area be one of the few major urban areas in America with "half a loop".
- Many of the now isolated communities would be presented with new opportunities for survival.

## Compatibility With DOT National Transportation Strategy

The Department of Transportation goals for the reauthorization of the Surface Transportation Act include (1) a stronger partnership among federal, state and local governments, (2) creative ways to apply the time tested user fee principle and (3) more private investments. These goals are supported in the proposed Northern Beltline in that the Birmingham Area is committed to use multiple sources of funding in order to develop this project.

For example, the Northern Beltline has been included by the State of Alabama as a secondary level roadway in the Preliminary Highway System of National Significance. This commitment by the State of Alabama could be supplemented by the proposed state developmental highway program, recently announced by the Governor. In addition, although a toll facility will not generate sufficient funds to construct the facility, tolls could possibly be combined with some other source of funding to form a realistic funding package.

## What is Required

The documented shortage in "primary and urban" funding for non-interstate roadways has resulted in some major developmental roadways within the Birmingham Area, including the Northern Beltline, to be essentially unfundable.

Including the project as a line item in the next Surface Transportation Act should be pursued to supplement the options of local government funding, state funding and toll road funding.

The CHAIRMAN. Our next witness is the Honorable David Dinkins, Mayor of the City of New York, to be accompanied by Lucius Riccio, Commissioner of Transportation of the City of New York.

Due to the fact that we've kept the Mayor waiting for an hour, I think we can wait five minutes for him. He's on his way down.

Charles Rangel is here.

The Chair wishes to recognize the distinguished Mayor from the great City of New York, the Honorable David Dinkins. And for the initial courtesies extended by the committee to you, on behalf of the committee, the Chair defers to the Chairman of our Water Resources Committee, the Honorable Henry Nowak from the State of New York.

Mr. NOWAK. Thank you very much, Mr. Chairman. It certainly is a pleasure to welcome to the committee David N. Dinkins, who is, of course, the Mayor of the great City of New York. Being Mayor of the City of New York, as many have said before this, is the second toughest job in the country—and some would even dispute that.

Mayor Dinkins has received his bachelors degree in mathematics and further received his law degree from Brooklyn Law School and was in private practice for over 20 years. In addition to that, he also has a long history of public service to prepare him for the tasks he now faces. He has been Manhattan Borough president, a State assemblyman, president of the Board of Elections, and City Clerk. Probably though the best preparation he had for being Mayor of New York City was his service in the United States Marine Corps.

As Borough president, he used his position to address many problems, most prominently the problems in education, and also he used that position to promote a great deal of economic development.

I think the Daily News best summarized our witness when it stated the following: "It is in the vital and tangibles, personal style, warmth, generosity of spirit, and magnetism that Dinkins stands out. He exhibits a natural innate sense of fairness and compassion. There is in David Dinkins a deeply rooted civility, and that is the essence of effective and human leadership."

I want to welcome the mayor to the committee and certainly look forward to hearing his remarks.

Thank you, Mr. Chairman.

The CHAIRMAN. The Chair thanks the distinguished gentleman from New York.

The Chair wishes to recognize my good friend, Charles Rangel, who is one of the very important members on the Ways and Means Committee and is also chairman of our Narcotics Committee, and one of my great friends here in the Congress.

From the State of New York, the Honorable Charles Rangel.

Mr. RANGEL. Mr. Chairman, thank you so much for this courtesy. The Congress has every reason to be proud of the Interstate Highway System that under your leadership has progressed to where we are today. Now, we find our infrastructure in serious trouble, our roads, our tunnels, our bridges. Whatever problem we have in the City of New York exemplifies what's happening around the Nation.

So we want to get on in listening to the Mayor that represents the greatest city, New York; a guy that is sensitive to the problems

of people as well as roads, a friend of mine, and I am anxious to hear his testimony.

Thank you so much, Mr. Chairman.

The CHAIRMAN. I thank the distinguished gentleman from New York. I, too, echo sentiments expressed. I had a chance to meet with Mayor Dinkins earlier today, and I want to now welcome you to our committee.

Mr. Mayor, you may proceed at your will.

**TESTIMONY OF HON. DAVID N. DINKINS, MAYOR, CITY OF NEW YORK, ACCOMPANIED BY LUCIUS RICCIO, COMMISSIONER OF TRANSPORTATION, CITY OF NEW YORK, AND JUDY CHESSER, DIRECTOR, CITY OF NEW YORK WASHINGTON OFFICE**

Mayor DINKINS. Let me thank you all, Mr. Chairman, Congressmen Nowak and Rangel. By way of full disclosure, I could say that Congressman Rangel is my brother, so he says nice things because it is all in the family.

The CHAIRMAN. If the gentleman would yield from the great sovereign State of New York and the Mayor of our great city, I didn't want to blow the bubble from the representatives from the great State of New York that have just had the pleasure of introducing you, but I think it would be appropriate now for me to remind them that the distinguished Mayor was born in Trenton, New Jersey. [Laughter.]

The distinguished Mayor's father lives in Trenton, New Jersey now. He constantly reminds Governor Florio to be sure to take care of "Dad."

We have lent him to New York for a reasonable period of time and when he gets things straightened out over there, then he is welcome back to the great State of New Jersey.

I just want to get that little remark in there.

Mayor DINKINS. I am grateful. Thank you all so much. I really thank you for the opportunity to testify this morning on the reauthorization of our crucial Federal highway and transit programs. I am joined this morning by Doctor Lucius Riccio, who serves with great distinction as our Commissioner of Transportation of the City of New York, and Judy Chesser, who runs our office here in Washington, known well to all of you I am sure.

As Mayor of this Nation's largest city and perhaps the busiest center of commerce and communication in the entire world, one of my major concerns is transportation—ensuring that New York City's nearly eight million residents can get from one place to another with the greatest possible ease and efficiency.

As a time of severely limited public resources, meeting this responsibility can be a daunting task. And as we prepare to enter the 21st century, our needs in this vital area have become increasingly complex.

New and comprehensive Federal legislation demands that we balance our desire to improve mobility with our need to protect the environment from dangerous auto emissions, and our need to make communities more accessible to those with disabilities.

As our troops return from months of bitter conflict on the sands of the Persian Gulf, we must strive to reduce our dependence on

foreign oil, to loosen the grip of foreign dictators on our Nation's economy. We must begin to repair our Nation's crumbling infrastructure which is suffering from decay and neglect after more than a decade without a national transportation policy. I need not tell this subcommittee that the work that needs to be done for the maintenance and repair of our bridges, tunnels, tracks, and roads has left our transportation system lagging far behind that of other countries.

Amid these tremendous challenges, I am delighted that this subcommittee recognizes the need for a cohesive national strategy for transportation, and is approaching the issue with great seriousness and determination.

As this subcommittee is well aware, our Nation needs a much larger transportation program to meet the rapid growth and increasing congestion in our Nation's metropolitan areas. Indeed, recent census data indicates that nearly 90 percent of our Nation's growth in the past ten years has occurred in metropolitan areas with more than one million residents. Today, more than 77 percent of the Nation's population lives in metropolitan areas.

Despite the growing needs of urban America, I believe that the Bush Administration's proposals will have a devastating impact on New York and other cities that rely on mass transit. These proposals would shift our Nation's transportation programs into reverse at a time when we must move forward.

The most disturbing and regressive aspect of the President's program is that it favors our Nation's highways at the expense of mass transit. Astonishingly, the proposals reward automobile use and gas guzzling, while States and cities that strive to be more efficient and environmentally sound by encouraging the use of public transportation are essentially punished.

As highway funding would jump from this year's $14.1 billion to $20.3 billion in fiscal year 1996, transit funding will merely inch from $3.25 billion to $3.4 billion during the last year of this five-year reauthorization, an increase that will barely keep pace with inflation. And that's still far below the 1981 all time high of $4.66 billion.

At the same time, this program would slash all mass transit operating assistance to cities with more than one million residents. The bitter irony is that these are the cities whose need for these funds is the greatest. New York City's Metropolitan Transit Authority stands to lose $93 million per year—I think you will be hearing later today perhaps from Mr. Stangl—and our Department of Transportation will lose $7 million per year. Perhaps that will be hard-pressed to replace.

In the past two months, the Bush Administration has touted the flexibility of this plan. Theoretically, we can transfer our highway funds to mass transit, and vice versa. But while every penny of a State's transit funds can be transferred to highways, a paltry 30 percent of highway funds can be transferred to mass transit.

And these transfers do not take place on a level playing field. Since the Federal Government will contribute 75 percent of the funds for State and local highway projects but only 60 percent of the funds for transit programs, this proposal actually makes mass transit more expensive.

This reduction in matching funds is another classic example of the Federal Government shifting its traditional responsibilities onto State and local governments, without giving us the money to pay for them. Along similar lines, the Bush Administration has also proposed the elimination of all General Fund support for transit. All funding would be shifted to the mass transit account of the Highway Trust Fund. In the long run, this will only make it easier for the Federal Government to reduce even further its commitment to mass transit. Such an underhanded tactic should be rejected out of hand.

By thwarting our efforts to expand transit programs, these proposals will make it virtually impossible for localities to comply with the Federal Clean Air Act and the American with Disabilities Act. Indeed, by advancing a transportation policy that conflicts with its own environmental and equal opportunity policies, the Federal Government is flattening its own tires.

Let me be very clear on this point. I fully support greater funding to rehabilitate our Nation's highways. However, mass transit is essential if we are to reverse the growing congestion and pollution that plague our cities and our entire country. We need to reduce dramatically the number of automobiles occupied by only one person. We need to shift some of the 100 million commuter vehicles off of our congested highways, and encourage these commuters to use mass transit. Right now, cars account for 85 percent of all commuting, and most households have more automobiles than members of our workforce. What is even more distressing is that over two- thirds of our workforce travel to their jobs along highly congested roads and highways. Given these conditions, our so-called rush hour isn't very much of a rush.

To address this proliferation of cars solely by focusing on highways is to forsake prevention for a costly and not very prudent cure.

The solution we think is clear. The Federal Government should increase mass transit funding to $6.2 billion per year, the level recommended by the House Committee on Public Works. This would help to expand transit programs, reduce our reliance on cars, fossil fuel, and crowded highways, and ultimately save us money.

On this issue, the statistics speak for themselves. In New York State, public transportation reduces our fuel consumption by 1.33 billion gallons each year. Every additional 1 percent increase in our ridership would save another 7.5 million gallons. Transit programs are not a drain on our treasury; they are a sound investment in our economic and environmental future.

Moreover, in addition to increased mass transit funding, Federal matching funding for both highway and transit programs should be kept at their current levels so that we can meet our needs and not create a monetary incentive to forsake mass transit for highways.

We also recommend that transit operating assistance be continued for cities with populations over one million. The large and comprehensive mass transit systems of cities such as New York, Washington, Chicago, and Boston are truly national treasures serving millions of visitors and business people from around the country, indeed, around the world. In fact, New York City's transit system and commuter railroad serve roughly 33 percent of all mass

transit users nationwide. These valuable networks must be supported and nurtured by our Federal Government.

I realize that these measures would not be inexpensive. But the Federal Government can find a large part of the money right away by following the suggestion of this subcommittee and placing the entire national gasoline and all related taxes, at their current levels, into the Highway Trust Fund, and releasing the funds for transportation purposes. That way, those who use our roads can help pay for them rather than help to close the deficit.

The highway portion of this new plan receives much more generous funding than mass transit. But the Administration proposal would have a crushing impact on our environment and would be inequitable to our Nation's cities.

First of all, despite the fact that urban centers hold about 15 percent of all roads eligible for funding under the National Highway System, the Federal Government has decided for no apparent reason that urban roads can comprise not more than 6 percent of any National Highway System program.

My reasons for opposing this artificial limit are simple—it is unfair, and quite frankly I don't think it makes sense.

According to the Administration's plan, funds under the National Highway System will be distributed according to a highly questionable formula—70 percent of which will be based on a State's gas consumption. Under the proposed urban-rural system, funding will be based entirely on gas consumption.

In effect, these new and regressive formulas reward gas guzzling while penalizing the energy conservation that the Bush Administration claims is such a high priority. This sends absolutely the wrong message to our people and our local governments—the more gas you use, the less cash you lose. Indeed, one wonders whether Saddam Hussein knew about this pro-gas policy when he invaded the oil fields of Kuwait.

New York State currently has the lowest per capita gas consumption of any State in the country, and in New York City gas consumption is about one-fifth of the national average. We are extremely proud of our record of efficiency, and it is ridiculous to penalize us for it. The fact is, these new formulas would cost our State $100 million per year. A more equitable formula could be developed by using factors such as infrastructure need, population, and highway miles.

I am also dismayed that the Bush Administration proposes to end the Federal aid to the Urban Systems program, the only source of direct transportation aid to our nation's cities. This means that although our transportation needs are in many ways greater than those of the rest of the State, we are not guaranteed any aid whatsoever and must appeal to State officials for every penny.

There are a few small bright spots in the Administration's highway proposals. I am pleased that, for the very first time, the Federal Government will help to cover highway operating expenses through the Congestion Relief Program. And I applaud the continuation of the Interstate Trade-In program, which will ensure that New York City not lose the funds earmarked for the abandoned Westway project. But much more needs to be done.

I believe that the Federal Government should establish a special Metropolitan Transportation program to meet the needs of urban and suburban areas. It is an idea based on common sense. We hold most the people and suffer most of the congestion. Of course, a significant rural program is necessary as well.

Just as critically, we need a substantial commitment to preserve our Nation's interstate system by resurfacing, restoring, rehabilitating, and reconstructing this $129 billion national investment.

It is important for me to address the bridge component of the Bush Administration's program. I am certain the subject of New York City's bridges needs no introduction. The poor state of our bridges has received widespread media attention in recent months. The facts are sobering. We estimate that about 56 percent of the 874 bridges we operate are structurally deficient. That is the result of many decades of neglect and insufficient funding, especially at the Federal level. This problem extends far beyond New York. The United States Department of Transportation estimates that 40 percent of all the Nation's bridges are structurally deficient or functionally obsolete.

Despite a few press reports to the contrary, New York City has not fallen down on the job of bridge maintenance. Our Department of Transportation has a world class maintenance and repair team. I am proud to report that the Federal Highway Administration recently visited New York to review our inspection and repair procedures and gave us very high marks.

Over the next ten years, we are dedicated $3 billion to bridge reconstruction, including $1 billion for the East River bridges alone. Unfortunately, we cannot meet this challenge by ourselves. I urge the subcommittee to allow the use of Federal funds for bridge maintenance. Ultimately, this is a constructive and far-sighted approach. After all, decades of deferred maintenance allowed our bridges to deteriorate in the first place. An aggressive maintenance program can preserve a bridge almost indefinitely at a far lower cost than rebuilding it every 30 to 40 years.

Ironically, by allowing Federal funds to be used only for reconstruction, Washington offers localities an incentive to let structures decay until they must be reconstructed at a much higher cost with the help of Federal funds. So I urge the members of the subcommittee to alter this proposal in order to allow these funds to be used for critical maintenance efforts.

Finally, allow me to raise two important issues that concern the construction of highways as well as bridges. In New York City we have found that the Federal design standards for Federally funding highway and bridge construction are cumbersome, outdated, and impractical. The fact is the Federal Government applies the very same standards to both small, rural towns and densely populated cities, while the needs of cities are clearly unique. Large cities require greater flexibility to meet our complex design needs. And I hope that the subcommittee will help us develop a less cumbersome design process.

Federal law also requires that construction contracts worth more than $50,000 be awarded through competitive bidding. I believe that we can save a lot of time and money, without sacrificing quality, by using our own public employees for these projects.

In closing, I cannot overemphasize the importance of these programs to New York City, and to localities across our country. After all, transportation is the very foundation of modern society and one of the most basic responsibilities of government. If our roads and bridges are not safe and secure, if our transit networks do not run smoothly, if our people cannot move freely between their homes and their workplaces, then we will have created a society paralyzed by indifference.

I am grateful for the work of this committee in addressing this problem, which has been neglected for far too long. I look forward to working with you to devise solutions that use our limited resources creatively and that meet the needs of all Americans.

I will be happy now to take your questions. And I thank you so much for this opportunity.

Mr. MINETA [resuming the Chair]. Mr. Mayor, thank you very much for your testimony. I apologize for not having been here for your entire presentation. I was at another committee meeting offering an amendment on another bill that is important for our consideration.

Mayor DINKINS. Your distinguished colleague received me in grand fashion.

Mr. MINETA. Absolutely. Absolutely. And I just want to say that your outlook, your view, is one that is very much appreciated and respected by the members of this subcommittee. I think I can speak for the chairman of the full committee in saying that we do appreciate the fine work that you're doing.

Mr. Mayor, the legislative proposal to reauthorize the surface transportation programs of this Nation would, in any event, probably state that there must be adequate State and metropolitan planning programs for properly analyzing and evaluating transportation projects. I am wondering what recommendations can you provide for enhancing this State and metropolitan planning process, given your own experiences in your jurisdiction.

Mayor DINKINS. Well, I would hope that they would take into consideration some of the observations that we have made. I believe that as go our cities, will go this Nation. This is not to exclude the suburban areas. As a matter of fact, a national survey we had done pursuant to a meeting of so-called summit of many urban mayors, we did a survey that shows that suburbia understands the import of our cities as much as those who reside in cities. If the Nation is not supportive of our cities, the Nation will be in even further difficulty. So that we need the kind of help of which I speak.

And we need especially, for instance, to have the flexibility I mentioned in my prepared text; to be able to transfer monies between those designated for highways and be able to use that for mass transit if we so wish. The flexibility needed is just not there; there is a limitation on how much can be transferred to mass transit. In the City of New York, that makes a big difference.

The CHAIRMAN. Would the gentleman yield?

Mr. MINETA. Absolutely.

The CHAIRMAN. I think that the Mayor is striking an extraordinarily important point and one we've talked about quite intensively on this committee. I don't want to break the continuity of your

thinking, but I think there are two points that you're making having to do with flexibility. I think that the committee has to spell out very clearly what the committee means by flexibility versus the point of the flexibility that is talked about by the Administration.

It seems to me that if the people of the respective states are paying the taxes, which they are through the gasoline taxes, they ought to have the right to speak to the issue. It seems to me that at least half of the funds allocated to States ought to have total flexibility where you, as the Mayor of the city, could be able to switch from one to the other, depending on what the needs of your city or the State is. Is that a reasonable point to make?

Mayor DINKINS. Indeed, it is. I had the privilege of chatting with you earlier and you and I certainly are in concert in that regard. It is illogical, to say nothing of unfair, not to permit a jurisdiction to use the monies as it sees fit, especially given that the monies come from taxing the constituents of that jurisdiction in the first place.

While I am at it, another area of concern is that monies that flow to cities come directly to cities and not through States. That's an area of great concern.

The CHAIRMAN. Well, if the gentleman will yield on that, if I can have another minute, Norman, please. We have been finding in some of our visits in the larger cities throughout the country, that they have been coming back and expressing the concern of having to wait in line or be in concert with whatever the State administration is to be able to meet their need. They are suggesting, for example, maybe there ought to be some kind of sub-allocation made to urban centers over one million or five million, whatever the case may be. Would you think that that's reasonable to pursue?

Mayor DINKINS. Yes. Because of our size, we have peculiar problems, and I like to believe that we're important to the Nation. I, not that it is peculiar to me, but I would hope that most people agree, that this committee would agree, that we're not really competing with one another, we cities of the United States; but it really is a global competition. If we're going to be able to compete with Tokyo and London and Paris in a variety of disciplines, we have got to maintain ourselves.

Not far from here there is a group meeting today to talk about tourism. As those in New York City who would argue for the need to maintain our museums and cultural institutions, and they are not wrong, as they compete for scarce dollars, they make the point to me that nobody comes to New York to go skiing or look at the Alps. And they're absolutely right. We are a communications center, we are a financial center, we are a cultural center, and given the situation in Europe these days, New York City is really the gateway to this Nation in many respects, and not just to benefit the City and State of New York, but the surrounding region certainly and beyond. So we think it makes sense. We think it is fair. And we think it is in the interest of all of the people of our country, and not simply those of us who happen to reside in New York City.

The CHAIRMAN. Norman, I have just one more.

Mr. MINETA. Yes. The Chairman may proceed.

The CHAIRMAN. I have just one more question because I have another thing I have got to do in a minute. The point has been made, and you made it very well in your testimony, but I think if you would just exchange a view with me for a moment, is this idea of consolidating and getting the housekeeping in order and then eliminating the urban aid program and eliminating the rural program simply to get the house in order. It seems to me along the line that what the Administration comes back in, and Secretary Skinner recently made the comment. He said there is no more free lunch from Washington. I took umbrage with that on the point of view that it is not free lunch from Washington; it is our money in the first place.

But the point I want to make is they say there should be a broader participation on local levels—meaning States and cities—in their participation. You made that point, and I think if they are talking about changing the percentage of 80 percent matching to 60 percent on that section. So, if the Government comes back to you and says, well, Mr. Mayor, we will be providing lesser money under lesser formulas, but if you want to be able to use that money, you have to raise more money locally in the city. How do you do that? I understand there is a substantive deficit, as is the case in New Jersey. How do you tax people more in the city?

Mayor DINKINS. Well, obviously, we resist that greatly. To say that there has got to be a greater contribution by the city and State to get the money from the Federal Government is to penalize us greatly. The proposals, as I recall, my notes suggest, that the State and local match for the Urban and Rural program would grow to 40 percent from what is now 25 percent. The Bridge program would go from 20 to 25 percent. And for transit, it would grow from 20 to 40 percent.

The CHAIRMAN. So New York City loses.

Mayor DINKINS. Oh, it loses greatly. They say if you put up $1 million, we'll give you $10 million. We say, but we don't have $1 million. They say, but we're going to give you $10. That does not increase our ability to have $1 million. It is sort of like if they are selling elephants two for a quarter and you don't have any quarters and, moreover, don't need any elephants, it is not a good deal for you. [Laughter.]

The CHAIRMAN. Let me just round it out. Just out of curiosity, maybe the Commissioner might know this, does New York City get credit for the expenditures that are made by port authority?

Mr. RICCIO. No, we do not.

The CHAIRMAN. I am just trying to say something here. If the Chair would yield for a minute. I think this is the most telling point that could be made here this morning. When the Mayor speaks of the greatest city in New Jersey—it shows you where I'm coming from, we'll do a little annexation here. [Laughter.]

Mr. MINETA. It's that football team you're thinking about. [Laughter.]

The CHAIRMAN. Well, football he loses on, City he wins.

The point in question, which I think ought to be made part of the record, is that just recently between the State of New York and the State of New Jersey, there has been quite a debate, as you know, viz the point of view of raising the cost on crossing our bridges.

And it has raised millions of dollars which, as I recall, the figure comes somewhere to the tune of infrastructure expenses around $20 billion, that sticks in my mind but it is probably more than that. But whatever the case may be, the two states and the two metropolitan areas that are taxing themselves to do that infrastructure work—which is transportation work, which is bridge work, which is monorails in the Newark Airport, and so forth—is not credited to our taxing ourselves. The Administration comes back and says, too bad, we'll change the formula, it will shrink the amount of dollars; but if you want to get more dollars, you have got to tax yourselves additionally.

I think that point ought to be strongly made where there are port authorities—such as we have and which I know is unique in the northeast, but it is also in the rest of the country—I think we ought to be given some kind of attention and credit for that issue.

Mayor DINKINS. We certainly agree with that. There is not appropriate recognition of the contribution that we do make. So it is not as though we're not trying to help ourselves; we are. We think the assistance that we request from the Federal Government is appropriate for us to request. And we think that we should be fairly treated. We don't think that the suggested changes do that.

The CHAIRMAN. I thank you very much, Mr. Chairman. Mr. Mayor, thank you for your courtesy.

Mr. MINETA. Mr. Mayor, having served as mayor of San Jose some time ago, I know that at least in those days I had always thought of cities as being creations of State governments but, after serving as mayor, believe we're sort of treated as illegitimate children by states. In any of our negotiations with the State, from a local perspective, we were "over the barrel." I am wondering if that still is something that you have to face in the relationship with the State of New York. Is this something that you find as you still converse with your other fellow mayors as a condition that still exists?

Mayor DINKINS. My friend and colleague, Representative Molinari, is amused, wondering to herself how will he answer this. Recognizing that we face a $3 billion gap in our budget for the upcoming fiscal year 1992, and our State has a $6.5 billion deficit for the budget that they should have adopted commencing April 1st, and some of the money that we need we will get from the State, which budget they have not yet agreed upon, the two houses of the State legislature and the Governor are in three camps with respect to that; so with that preface as I respond to your question. I believe that every opportunity that we have for monies to come from the Federal Government directly to the cities, that should be the case. And, I might add, it is the position of the U.S. Conference of Mayors, of which I am a member. I have had the privilege of testifying here before Congressional committees heretofore making that point, as, indeed, I alluded to it today.

I believe that the states do not give us now as much assistance as we should get. An example, in an area unrelated to this committee, is education. The State education formula gives the City of New York about 33 percent of the money the State sends forth to localities, but we have 37 percent of the State's students—the difference is $388 million annually. Our Governor recognizes this inequity

and, I am confident, joins me in a desire that this be addressed, but it is not easily achieved. What has happened over the years, as this point has been made, the State has sort of found a little more money and everybody got a little more. But this obviously doesn't address the question of inequity.

Mr. MINETA. In the Administration's bill, they're establishing a Bridge Maintenance program and a Pavement Management System, putting that requirement on the states. Do you think that kind of a program should also be required of local governments in terms of a Bridge Maintenance program and a Pavement Management program?

Mayor DINKINS. Let me yield to my expert, the distinguished Doctor Riccio.

Mr. MINETA. Doctor Riccio, please.

Mr. RICCIO. Thank you. We believe that such programs are very good things. We are disappointed that although in the legislation that we would have to set up a bridge management system, there is no funding to do that. On the pavement management side, we have taken a leadership role in that area. In New York City, we probably have the world's largest pavement management system monitoring the conditions of our roadways. We would like help in doing the same sort of thing with the bridge management system, if, indeed, that's a prerequisite to receiving Federal funds.

We have, as the Mayor mentioned, been reviewed by the FHWA engineers and they have given our inspection and our repair procedures a clean bill of health. But the requirements of the bill to build a management system for bridges would require substantial investment and we would like assistance on that also.

Mr. MINETA. Would you want that as a direct program or as a pass-through to the states?

Mr. RICCIO. Yes, we would like it as a direct program. As the Mayor said, any opportunity to do direct programs would be a good thing. The one direct program that currently exists is the one that we have used extensively to do much of our bridge rebuilding. By not having that complete control over those funds, we might lose the flexibility that is being talked about here to really devote the dollars that we get to the problems that we face—our biggest problem, namely, our bridges.

Mr. MINETA. Thank you very much.

Congresswoman Molinari?

Ms. MOLINARI. Thank you, Mr. Chairman. Let me officially welcome the Mayor and Mr. Riccio and Ms. Chesser for appearing here today. Our Mayor has been a very thoughtful national advocate on behalf of the needs of the city since I've been privileged to represent my community. I want to welcome you and thank you once again for making this extraordinary effort.

That being said, allow me to don my parochial hat, and I alluded to some of my concerns in a meeting that was held earlier. While I totally agree with all of the tenets that you have put forth today relative to the City of New York and your needs relative to the national agenda, I find myself in much that same stepchild's position relative to the people that I represent, certainly in Brooklyn and of course on Staten Island.

We talk about a level playing field and we then come to the Federal Government and ask for more aid for mass transit—and we have discussed this with both the UMTA and DOT, this is not a mayoralty initiative by any means—different things to encourage mass transit, and, in some cases, as your predecessor had recommended in the City of New York, rather draconian measures to encourage mass transit, all of that being a very environmental and social benefit. Then you come to a place like Staten Island where you say we want to encourage you to take mass transit, we may increase your totals to take mass transit, we'll do all we can to facilitate mass transit, cut down on the not so rushed rush hour you allude to in your testimony. Yet, when people in Staten Island say how do I do it. There is no solution that we can advance at this point. We don't have subways. We have an inadequate private bus structure, an inadequate city bus structure.

What do we do from a Federal level, trying to keep the flexibility that Chairman Roe alluded to? How do I protect the people that I represent, giving the city the flexibility without mass transit options?

Mayor DINKINS. Needless to say, the more assistance the city gets, the greater the ability of the City of New York to address the problems of Staten Island. As you know, unfortunately now we're faced with a tremendously severe budget situation so that we look at ways to produce revenue, some decrease of services, increasing the cost of some services, and some of this, as you know, adversely impacts Staten Island. Some money is fungible. The more we get, the better able we are to address some of those problems. That may be not a full and satisfactory answer, but it is a fact. I am certainly mindful of the situation with respect to Staten Island. The ferry, you can blame us for, the bridge is another kind of circumstance.

But you are appropriately concerned with Staten Island, as a matter of fact, as am I. As you know, my position is that under no circumstances will there be succession. I will stand in the way of the bulldozers or do whatever is required because I see Staten Island and its 400,000 or so persons as a very important and significant part of our city.

Ms. MOLINARI. We thank you for that. It is probably not bulldozers; we'll probably just attempt to explode the Narrows Bridge.

Mayor DINKINS. I understand.

Ms. MOLINARI. I appreciate your answer, Mayor, and I know I put you in a difficult position with that question. I just felt it was my responsibility to remind you and get your recognition as we move through this very difficult process to consider the people who don't have mass transit alternatives. And as that money hopefully successfully increases and is funnelled from the Federal Government to New York City, that we not only look at the subway system, but also at increasing some bus transportation alternatives.

Mayor DINKINS. Yes. On the question of the express buses, as you know, we are making some efforts in that direction. The distinguished Borough president is very helpful. You have a passing familiarity with him. But what you say is certainly so and not at all unfair to raise; you are right to do so, and I acknowledge it and will do all that we can to ease that.

Ms. MOLINARI. Thank you, Mayor, and I look forward to working with you and the members of this committee to provide a fair and safer city and Staten Island.

Mayor DINKINS. Thank you.

Mr. MINETA. Mr. Nowak.

Mr. NOWAK. Thank you very much, Mr. Chairman. Let me thank the Mayor for coming down at this time. I think it is very helpful for the Mayor of the City of New York to come and visit and spend the time, as you have, with the leaders, especially on this committee, as we look forward to formulating this bill.

I think a lot of the arguments that you've presented us with this morning in our brief meeting and later expanded on here for the general committee's information is going to be very helpful. A lot of it has been very rationally put together, and I think, based upon the facts that you present, it will be very helpful.

The Chairman mentioned the bridge problem. I can remember back ten years ago when we were developing a highway bill and there was a cap of 8 percent, of which any State shall receive money of the total rehabilitation bridge fund, that we raise that to 10 percent to bring some equity especially in New York, and I think New York City and all over the State. And that has worked out well but it still doesn't solve the whole problem of looking at needs in a State. And it was interesting to read an article that was in the paper, and if I could, I ask unanimous consent that this article by Marty Tolchin describing 69 percent of the bridges reported deficient in New York City and going through the statistics; if we could get that, Mr. Chairman, I would so move. I think it describes that problem very well.

Mr. MINETA. Without objection, it is put into the record.

[The referenced article by Mr. Tolchin follows:]

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# 69.3% of Bridges Reported Deficient in New York City

4/2/91

By MARTIN TOLCHIN
Special to The New York Times

WASHINGTON, April 1 — Almost 70 percent of New York City's 2,027 bridges are no longer able to carry the loads for which they were designed because of deteriorating decks, supports or superstructures, according to city and state data compiled jointly by two nonprofit research groups.

In addition nearly half of the state's 18,829 bridges are similarly deficient, the groups — the Road Information Program in Washington and the Crisis Program in Albany — said in a report in February. Both groups compile and publish information on highway transportation issues.

"New York City has by far the worst bridge deterioriation problem in the state, both in the proportion of the problem, 69.3 percent, and in sheer numbers, 1,405 deficient bridges," the report said.

### Problem Acknowledged

The study showed the dimensions of a problem acknowledged by city and state officials. Investigators for the New York City Council last month found dozens of city bridges that were so deteriorated that gaping holes had opened in their decks and steel beams. Some bridges, they said, were being supported by wooden pillars that must often be replaced because homeless people steal them and use them for firewood.

A total of 47.9 percent of the state's bridges are structurally deficient, according to the study. Long Island had the lowest percentage of deficient bridges of any region in the state — 255 of 847, or 30 percent.

Michael Francese, the State Department of Transportation's regional director for New York City, blamed decades of neglect for the plight of the city's bridges. "There was virtually no maintenance in the 50's, 60's or 70's," he said.

More than half the defective bridges are undergoing renovation, he said, adding, "I have over $1 billion in construction going on right now in New York City on bridges and highways."

### City Has 2,027 Bridges

Of the 2,027 bridges in New York City, 76 are over water, 329 are used by railroads, and 1,011 are over land. Most of the remainder are in parks, serve subways or are private pedestrian bridges.

A total of 796 are maintained by the city, 619 by the state and 612 by other jurisdictions, including railroads, private groups, the Port Authority of New York and New Jersey and the Triboro Bridge and Tunnel Authority.

Joseph DePlasco, a spokesman for the city's Department of Transportation, said: "This is a national problem. The country can learn a lot from New York City, because we have the oldest infrastructure in the country."

The Federal Highway Administration last year reported that 68.2 percent of the state's bridges were either structurally deficient or functionally obsolete, compared with a national average of 50 percent. New York ranked first among states with inadequate bridges, Connecticut third with 61.6 percent and New Jersey 28th with 33.8 percent.

### Obsolete Bridges Counted

Federal estimates of defective bridges were higher than the estimates made by New York City and New York State because they included not only bridges that were structurally deficient, but also those defined as functionally obsolete. Such bridges have lanes that are deemed too narrow or approaches that are too sharp.

The worst bridge, Mr. DePlasco said,

> Deterioration in New York City is 'by far the worst' in the state.

is the Miller Highway, a badly rusted portion of the West Side Highway from 59th to 72d Street. "Until recently, it was never maintained, never painted," Mr. Plasco said. The bridge is being renovated with Federal and state funds.

Nearly as bad, Mr. DePlasco said, is the Franklin D. Roosevelt Drive near 23d Street, where a motorist was killed when a slab of concrete fell from the viaduct. The Queensboro Bridge between midtown Manhattan and Queens, is also in serious disrepair.

Most of the city's land bridges are 50 to 60 years old, Mr. DePlasco said, adding that the oldest land bridges in the country are in Central Park.

The city has earmarked $1 billion for the renovation of the four bridges over the East River. The work is to be completed by the end of the decade.

The new study also found that 50 percent of the 6,000 miles of roads maintained by the city were in poor or fair condition, while 65.3 percent of the 147 miles maintained by the state in New York City needed improvements.

Mr. NOWAK. We also had the opportunity to talk with Mr. Riccio about some of the innovative things that New York City is doing. And I think the programs which have started and we had a discussion about—natural gas vehicles, electric vehicles, and what is coming in the future of this program. But we really need to solve some problems not of the Mayor's making but that have taken 30, 40, and 50 years to develop. In every community in this country, money is put in budgets for operation of and paying the salaries of the essential services, and always the maintenance of public infrastructure was postponed until Mayor Dinkins has come forward and realized this. And I hope to make that a part of this bill, where you can use this money to maintain so we won't have these astronomical costs as we start to rehabilitate. I think your program should be incorporated along with the differences that you mentioned. You mentioned the matching shares. I think that's important to get a good well-balanced system.

I just wanted to make those brief remarks, and I look forward to working with you in the months ahead as this bill develops. Again, thank you for your appearance here, Mayor.

Mayor DINKINS. I thank you. May I publicly thank you for the assistance that you have given heretofore in raising that cap from 8 or 8.5 to the 10 percent that it is now, albeit that we would like it higher. But were it not for initiative, that perhaps would never have happened, and we're grateful.

On the question of the percentage of our bridges that are in difficulty, if I may, I would like the Transportation Commissioner to speak to that. I think we've requested a correction of that report that you just read into the record; that number is higher than the fact.

Mr. RICCIO. First off, the report that article was based on did not say that the bridges were not capable of supporting the weight that they were originally designed for, as that opening paragraph says. We have asked for a correction. It should say that they are structurally deficient according to certain engineering standards.

It also refers to all of the bridges in New York City, not just the ones that are under the jurisdiction of the City of New York. That's why the Mayor mentioned 56 percent of our bridges are deficient. There are other bridges in the city also that bring that number higher.

Thirdly, that report used a different standard for what is considered structurally deficient. On the commonly used engineering point system that goes from 1 to 7, with 7 being in excellent condition, most jurisdictions use 4.5 as the cut- off, that below 4.5 means structurally deficient. That report used 5.0. So that number came in higher.

Obviously, bridges are a national problem. We have a very serious problem in New York State and New York City. If I just might say for the record, I am told that there are 150 bridge collapses a year in the country. But we, in New York City, have not had a bridge collapse since 1973 and that's because we have a first class inspection and repair program that avoid these kinds of problems. So it is a national problem; we recognize and face the difficulty, as you have stated so eloquently, that has been created over many, many decades, much due to the incentives in prior legislation. So

we look forward to new legislation that will take away those disincentives.

Mr. NOWAK. Thank you.

Mayor DINKINS. While you're at it, why don't you just mention what was spent.

Mr. RICCIO. Yes. I guess the issue also came up that New Yorkers spend a fair amount on its infrastructure. We estimate over the next ten years that on bridges alone over two-thirds of the dollars that will go into our infrastructure rebuilding will come right from New York City residents, and that in 1980, 57 percent of the infrastructure dollars going into the New York area were Federal dollars—57 percent in 1980—that's dropped to 35 percent in 1990. If that trend continues, there is no way we're going to be able to get our roads and bridges in a state of good repair in the next decade.

Mr. NOWAK. If I could just take a minute, Mr. Chairman and respond. We have got some $17.6 billion in the Highway Trust Fund that could be moved into obligation and actual construction. If we do get, as the Chairman suggested many times, that 2.5 cents back, we could start to build into our system better formulas, the flexibility that you desire, and finally start to make an impact at least in catching up to this severe problem that is out there.

Again, thank you for the information.

Mr. RICCIO. Thank you.

Mr. MINETA. The distinguished gentleman from California, our chairman emeritus, Congressman Anderson.

Mr. ANDERSON. Thank you, Mr. Chairman.

Mayor Dinkins, there is a growing sentiment on this committee that if we, as a Nation, can make the needed to commitment to win a ground war in the Persian Gulf in only 100 hours, we should surely be able to make the commitment to reinvest in America's infrastructure. However, the current Administration, like the previous administration, has withheld billions of dollars in highway construction to mask the size the of the Federal deficit. And although some persons have accused this committee that our favorite form of transportation is riding the President, I would only say to them that we must make the needed commitment in our infrastructure before it is too late and beyond repair. And to those bean counters at OMB who criticize us for pork barreling, I say out of deference to our late Chairman Jim Howard, he explained that pork barreling spelled backwards is infrastructure. [Laughter.]

I don't have to question you, Mr. Mayor. I just congratulate you on taking the time to appear before our committee and telling us first-hand what's needed to get the job done and get America moving again. I want to thank you very much for being here.

Thank you, Mr. Chairman.

Mayor DINKINS. Thank you, sir.

Mr. MINETA. Congresswoman Norton.

Ms. NORTON. Mayor Dinkins, I just want to indicate what a pleasure it is to have you before this committee. Mayor Dinkins brings incredibly deep knowledge not only of his own city but of urban problems, incredibly deep experience and ability in dealing with urban problems in the toughest city to run in the United States. I just want to personally salute you for that.

Mayor DINKINS. I thank you and say that while I am pleased with your success here in Washington, we miss you in New York.

Ms. NORTON. Thank you for that, Mayor Dinkins.

I regret that I was not here to hear your testimony, I was at another subcommittee meeting. In this city, in the mid-1970s, I don't know if you had the opportunity to ride on our subway, Mr. Mayor, but when I was a New Yorker I, of course, had many opportunities to ride on that subway, this is a new subway, and it wouldn't be possible had it not been in the mid-1970s for the fact that the metropolitan region here, not just the District of Columbia, gave up over $2 billion worth of highway construction funds to build the metro rail system. We have great difficulty with what the Administration is doing with the concept of flexibility. What it means is, at least in this city or in this region, that you would be forced to make decisions based not on long-term planning but on the short-term availability of funds.

Did your testimony indicate any equivalent amounts that New York City has been able to convert from the highways to mass transit?

Mayor DINKINS. I didn't speak about the specific amounts, but I made the point that the absence of flexibility is a very severe problem for us. We have the need to transfer monies from highways to mass transit, and this plan permits monies to be transferred back and forth but puts a ceiling on that amount that can be transferred from highways to mass transit I think at 30 percent. That is a very severe problem for us.

Ms. NORTON. Thank you very much, Mayor Dinkins.

Mayor DINKINS. Thank you.

Mr. MINETA. Mr. Mayor, let me thank you very much for taking time from your own busy schedule to come and really give us good testimony relative to your perspective on the surface transportation issues. Let me say that you are well represented by Ms. Chesser here in D.C., and we look forward to working with Doctor Riccio.

But I would like to have you convey a message to a very good friend of mine, Doctor Lee Brown. He, as you know, was a sergeant on our police department in San Jose while he pursued his ph.d. studies at UC-Berkeley, and he went on to greater heights from hours of service on our department. We love him dearly in San Jose. We would love to have him come back to San Jose at some point.

Mayor DINKINS. Only to visit though. [Laughter.]

Mr. MINETA. He is an outstanding person, and if you would convey my personal thanks and greetings to Lee, please.

Mayor DINKINS. I'll be certain to do that. We respect him highly and I am increasingly fond of him. He is doing an excellent job under very difficult circumstances. It must be that early training he got in your city.

Mr. MINETA. Great. Thank you very much.

Mayor DINKINS. Thank you, sir.

[Mayor Dinkins' prepared statement appears on page 719.]

Mr. MINETA. At this time, I would like to call forward a panel made up of distinguished folks representing the American Public Transit Association. I would like to call forward Larry Dahms, a

member of the APTA Legislative Committee, Executive Director, Metropolitan Transportation Commission, Oakland, California; Vickie Shaffer, a member of the APTA Legislative Committee and Small Operations Steering Committee, and general manager of the Tri-State Transit Authority, Huntington, West Virginia; Kenneth M. Gregor, vice chairman, APTA Legislative Subcommittee on Federal Funding, and general manager of the Metropolitan Atlanta Rapid Transit Authority, Atlanta, Georgia; David L. Turney, APTA vice president for Associate Members, chief executive officer, LUMINATOR, group executive, Mark IV Industries, LUMINATOR, Plano, Texas; and Shirley DeLibero, a member of the APTA Legislative Committee, and executive director of the New Jersey Transit Corporation, Newark, New Jersey, and accompanied by Jack Gilstrap, executive director, American Public Transit Association.

The full statement will be submitted as part of the record for this subcommittee.

Larry, if you will proceed.

**TESTIMONY OF LAWRENCE DAHMS, MEMBER, APTA LEGISLATIVE COMMITTEE, EXECUTIVE DIRECTOR, METROPOLITAN TRANSPORTATION COMMISSION, OAKLAND, CA; VICKIE SHAFFER, MEMBER, APTA LEGISLATIVE COMMITTEE AND SMALL OPERATIONS STEERING COMMITTEE: GENERAL MANAGER, TRI-STATE TRANSIT AUTHORITY, HUNTINGTON, WV; DAVID L. TURNEY, APTA VICE PRESIDENT, ASSOCIATE MEMBERS, CHAIRMAN, ASSOCIATE MEMBER BOARD OF DIRECTORS: GROUP EXECUTIVE, MARK IV TRANSPORTATION PRODUCTS, PLANO, TX; SHIRLEY A. DE LIBERO, MEMBER, APTA LEGISLATIVE COMMITTEE: EXECUTIVE DIRECTOR, NEW JERSEY TRANSIT CORPORATION, NEWARK, NJ; AND KENNETH M. GREGOR, MEMBER, APTA LEGISLATIVE COMMITTEE: VICE CHAIRMAN, FEDERAL FUNDING SUBCOMMITTEE: AND GENERAL MANAGER, METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY, ATLANTA, GA**

Mr. DAHMS. Thank you, Mr. Chairman. You already got me started well because you introduced my associates and so I won't have to do that.

Before I start, I would like to call your attention to, and would submit for the record, a packet of editorials from newspapers around the country that speak to the question of the Administration bill and the extent to which it is helpful to the transit industry. These editorials do find some flaws in that proposal, which are parallel to some of the points that we will be making today.

Let me begin, and then following me will be Vickie Shaffer and the other associates here from the APTA group.

We offer to you today an ambitious proposal for the reauthorization of the Federal transportation programs as follows:

To begin, we propose restoring Federal transit funding to where it was a decade ago. That is $6.5 billion in inflated- adjusted dollars.

Second, we ask for growth over five years so the transit program would reach $11 billion by the last year of the reauthorization.

In the process, we ask that Congress eliminate the bias against transit in matching ratios and other requirements.

APTA's program makes sense because transit is a fundamental part of the solution to several problems affecting America's quality of life and economic health. These include:

Energy. Transit's role in achieving energy independence is more compelling than ever before. Every commuter who switches from driving alone to transit saves 200 gallons of gasoline per year. If 10 percent of urban auto trips were replaced by transit, we would save over 300,000 barrels of oil each day.

Clean Air. New clean air mandates make transit use more important than ever. Without strong Federal encouragement for transit, single occupant vehicle use will continue to soar and so will our pollution.

Mobility. Successful implementation of the Americans with Disabilities Act depends upon adequate funding for transit. Transit is key to mobility for millions of senior citizens. For people with limited incomes, transit can be the difference between a decent job and unemployment.

Congestion. Transit should be advanced whenever feasible as an alternative to gridlock that threatens our cities and suburbs.

And finally, competitiveness and productivity. Not only does transit offer an alternative to gridlock, every $10 million invested in transit capital generates 770 jobs and $33 million in business revenues. Every $10 million invested in transit operations will support 960 jobs and create $30 million in business revenue.

The stakes could not be higher as Congress establishes a new surface transportation policy. We can no longer pretend that State and local governments can make up for Federal funding cuts. Public transit needs more Federal funding for both capital and operating costs. A strong Federal program will enhance energy independence, improve air quality, expand the mobility options of all citizens, reduce gridlock, and make Americans more productive and competitive.

Our detailed proposal is included in the written submission that you referred to, but let me elaborate just a moment on a few key points.

Back to the funding levels. In the past ten years, Federal transit funding has been slashed in half. We urge Congress first to restore what has been lost and then to increase funding to serve the growing American economy. We applaud the leadership of your committee and the subcommittee for the five-year $34.5 billion transit proposal.

Relative to funding sources, currently transit is funded from both the Mass Transit Account and from General Fund Revenues. The Administration proposes to eliminate General Fund support for transit. APTA agrees with your leadership that the Trust Fund balance should be spent down, and we appreciate your recognition that continued General Fund support is absolutely essential as well.

And there needs to be a balance. There should be an equal cost sharing formula for highways and transit. The Administration's proposal would provide much higher Federal shares for highways than for transit, thus creating further incentives to build highways

instead of transit. APTA proposes to eliminate modal biases and allow State and local governments to make objective decisions about transportation investments. We strongly oppose "alternatives analysis" when they are applied only to transit. There should be a single decision process that employs the appropriate level of analysis for choosing highway or transit investments.

And finally, flexibility. Flexibility is desirable, but becomes operable only if certain conditions are met, such as the assurance of equal access to both and State and Federal funding, comparable matching ratios, a single decision process. Further, flexibility is not relevant or even desirable if it threatens maintenance of existing systems, be they transit or highways.

Once again, we applaud your committee's boldness in identifying higher transportation investment targets. Program structure improvements as suggested by the flexible investment concept, as an example, can only be achieved when program levels are increased. The higher levels proposed by your committee offer the dual benefit of needed funding and structural advancement.

That concludes my brief remarks. The next representative from the industry is Vickie Shaffer, the general manager of Tri-State Transit Authority from Huntington, West Virginia.

Ms. SHAFFER. Mr. Chairman and subcommittee members, in addition to serving as general manager of TTA in Huntington, I also have the good fortune to be on APTA's Legislative Committee, their Small Operations Steering Committee, and I am the State delegate for the Community Transportation Association of America (CTAA).

Public transit is a vital service and an important public policy issue in small urban communities as well as rural America. I am here today to sort of present that side of the story.

Let me praise my Congressman, Nick Joe Rahall of West Virginia, first of all, for his introduction of H.R. 1079, the Mobility Assistance Act of 1991. Mr. Rahall's bill adopts many of the recommendations of the Community Transportation Association of America and goes to the heart of the issues most important to transit in small urban and rural America. I support both H.R. 1079 and the totals of the APTA reauthorization proposals. In contrast to the Administration's proposals, both APTA and CTAA would restore mass transit to its proper priority in your plans to reinvest in the American infrastructure.

Six points are particularly important to small operators.

First, section 9 and section 18, funding for capital and operating assistance to small urban and rural transit systems, must be increased. At the very least, the historic cuts in mass transit funding must be restored to ensure that service is not lost.

We must reinvest in our infrastructure. We must reach out to rural America and provide transportation where none exists today. Mass transit is our best hope for ensuring that these folks have jobs, adequate medical care, and participation in the social fabric of these rural communities. In small urban and rural America, we are not fighting congestion. We are fighting isolation.

Second, operating assistance. Large and small operators do not exist without it. All the capital investment over the years in our buses and our trains and our stations and our garages is without

merit if we park the trains and we park the buses. Operating assistance is your capital investment insurance policy.

At TTA in Huntington, Federal operating assistance today meets one-quarter of our operating expenses. We estimate that the Administration's proposal would reduce operating assistance to 4 percent or less of our budget. TTA would not be there long after that.

Third, flexibility. We're worried about this flexibility business. It may very well have a role in larger urban areas, as so eloquently represented by New York City. But if the smaller transit systems of this country are forced to compete with the highway interests, we'll lose every time. We would like to see this committee create a threshold that would exempt small urban and rural systems from flexibility. We won't ever get any of the money that is needed for highways and bridges. We need you to make sure that the highway fox stays out of our hen house.

Fourth, designated recipient status. Along with the mayors of this country, transit operators in urban areas under 200,000 population urge you to retain our status as direct recipients of Federal grants. The current law works and it should be retained. It ain't broke, don't fix it.

Five, please don't give the governors the authority to distribute section 9, section 18, and section 16(b)(2) funds as if they were all one pot or a block grant. The goals of your Federal program will wash out if such a process is approved.

Six, there are many small operators providing service in large urban areas today. They must comply with Federal requirements that apply to the large transit systems in that area, however burdensome those regulations may be. Please be sure to consider the difference between the two as you promulgate your policy initiatives.

Our local constituents in Huntington, West Virginia have clearly expressed support for mass transit. It is very important to a community that has overwhelmingly approved dedicated property taxes for TTA in five elections since 1982. We cannot ask them for more money. Urban transit receives no State operating assistance in West Virginia. That isn't going to change in the near future. Many small operators face the same state and local fiscal constraints when we evaluate the shell game that the Administration's proposes as a mass transit policy.

Bus service, mass transit, has a vital and legitimate role to play in the economic and social fabric that we weave for our smaller urban and rural communities. We are depending on you to tailor a suit that also fits the little guys.

I thank you very much for this opportunity.

Mr. DAHMS. Mr. Chairman, our next speaker is David Turney, from Mark IV Transportation Products, Plano, Texas.

Mr. TURNEY. Mr. Chairman, I am David Turney, group executive of Mark IV Transportation Products, a major operating segment of Mark IV Industries, Inc. Mark IV is a $1.2 billion New York Stock Exchange public company in the Fortune 500. My role in APTA is that of vice president of the Associate Members. I am chairman of the Associate Member part of APTA.

APTA has more than 500 associate members. Associate members are the suppliers of the goods, the services, and the equipment that

enable the public sector to provide the mobility to the public of this country.

Associates have member companies in most States in the U.S. and in foreign countries. Tens of thousands of employees are involved. My own company has major business operations or outlets in seven states, Europe, and Japan. Your actions on reauthorization will have a direct economic impact on this Nation through the associate members.

It is a pleasure and a privilege to appear before this vital subcommittee. I take special note on the honor of addressing a subcommittee including the honorable Greg Laughlin and Pete Geren from my great State of Texas, and also the distinguished John Paul Hammerschmidt, who has roots in the great State of Arkansas which neighbor and mirror my own roots and family.

As a private sector operating person in this country, I am upset over the continual bashing that American industry has taken over productivity. A well-kept secret is the fact that our industry is shipping products all over the world where we have a fair, free, and open market in which to do so. But that is seriously at risk, Mr. Chairman. You and this subcommittee hold the keys to helping us deal with that risk. People sitting in traffic jams instead of efficiently moving to work constitutes a very dangerous and rapidly increasing threat to productivity in this Nation. If people can't get to work with reasonable time and effort, how on earth can they possibly be productive.

The cost of congestion was $9 billion in 1984. It will exceed $50 billion in the year 2005—that is, unless we legislate into existence an innovative transit reauthorization bill like that advocated by APTA. Every bus full of passengers takes 40 cars off the streets; one rail car vehicle eliminates over 75.

Give us a good transit bill and we will give you industrial productivity gains. Over 70 percent of our U.S. population lives in areas where the air quality fails to meet the minimum health standards set here in Washington. That condition is growing worse despite more complex and costly gadgets to control the tailpipe emissions. We have to increase the average number of people travelling per vehicle if we are serious about dealing with that problem.

Some areas of our country are facing restrictions on use of the automobile—maybe even alternate days, or days in which restriction might even be a prohibition of use of the automobile. When that happens, a public revolt is going to occur as people realize that we have allowed the paving of America for automobile use to paint us into a corner so filled with pollution that we can't breath. When you work for a reauthorization bill similar to what APTA has advocated, you not only help us increase productivity, you also help us improve the environment.

Transit inventories and investments are a bargain. Major urban highways can cost $100 to $200 million per mile. Busways, to move high volumes of people, cost one-tenth of that amount. Even heavy rail can cost less. On top of that, every dollar invested in transit helps solve the problems of pollution, congestion, productivity, mobility, and dependence on foreign oil. That's a bargain. Tell me,

where else can one dollar invested apply so simultaneously to touch all of those problem areas?

Let me briefly mention the Buy America provisions of the present law. We urge you to leave it as is. The changes enacted in 1987 only recently passed the rulemaking. We need time with the present Buy America provisions before we consider further changes. And there is still a large percentage of the world out there where the markets are simply not open to our products thanks to discriminatory trade practices.

The present law levels the playing field. I urge you to leave it as it is. The Administration's proposal to selectively waive the statute with respect to certain countries is just not acceptable to private industry. I don't want the future of my company being traded like a pawn by the Administration.

APTA associate members strongly support a reauthorization program in a $34-$40 billion range, as already proposed by the leadership of this committee and by APTA. Lower funding will not allow us to do our job. And funding has to also have—and this is a very important, Mr. Chairman—a much higher degree of stability and predictability than in the past. This cut-it-every-year mentality of past administrations sends the wrong signals to corporate America. It sends the signals that transit is not the place for private investment. Give us a $34-40 billion program and reauthorization, give us stability and predictability, and vital private sector dollars will gravitate to transit to help the public dollars provide the public with mobility.

Again, I want to impress on you that I am deeply honored to have this opportunity to address this distinguished subcommittee. I am at your disposal. Thank you.

Mr. DAHMS. Mr. Chairman, the next testimony will be by New Jersey Transit executive director, Shirley DeLibero.

Ms. DELIBERO. Thank you, Mr. Chairman and my Congressman Roe and members of the committee for allowing me testify today. I am Shirley DeLibero, the executive director of the New Jersey Transit Corporation. New Jersey Transit is New Jersey's Statewide public transportation agency which provides commuter rail, light rail, commuter bus, and local bus service to approximately 400,000 daily riders.

And effective and efficient mass transportation is essential in New Jersey and the Nation if we are to sustain economic development, improve air quality, and reduce foreign oil dependence. New Jersey, like many other States, is confronting with traffic congestion and air pollution problems that threaten our overall quality of life.

Governor Florio and other State officials recognize that a stable and expanded mass transit system is the keystone to promoting mobility and reducing the dependency of the single occupant vehicle. Governor Florio, in his State fiscal year 1992 budget request, has provided sufficient funds to hold fares at New Jersey Transit at current levels. In addition, his budget recommends approximately $200 million in State capital assistance, which is a 300 percent increase compared to fiscal year 1988.

Our efforts in New Jersey will go for naught unless the Federal commitment to mass transit is increased. APTA's reauthorization

proposal builds on the existing program to ensure that the Federal role is strengthened, and that transit will be a full partner in the intermodal transportation system that we need in the post-Interstate era. In sharp contrast, the Administration's proposal would undermine the ability to develop a comprehensive and intermodal transportation system since mass transportation would be underfunded and the resources are not there to address the most urgent mobility needs of this Nation.

APTA proposes that the Section 3 program continue to provide funds for fixed guideway, rail modernization, and bus needs. In contrast, the Administration proposal would eliminate Section 3 bus program, transfer the rail modernization element to the Section 9, and cap new starts at $300 million in the first two years, $380 million for the next two years, and $400 million in fiscal year 1996.

We oppose this drastic revision of the Section 3 program. It grossly underestimates the need for new start, rail modernization, and bus programs. I can tell this committee that the Administration's proposal would severely curtail New Jersey's ability to maintain its bus system and, with the limitation placed on new starts, would seriously curtail New Jersey's ability to address emerging mobility needs within the growth areas of the State.

As it concerns rail modernization, APTA's proposal is designed to better accommodate the needs of the eight historic rail systems than does the Administration's proposal. The APTA also recognizes the need to address the rehabilitation needs of new systems over the coming years. The Administration's proposal would significantly hurt the older rail systems' ability to eliminate deferred maintenance backlogs and return to a state of good repair. It would also come at a time when older rail systems must spend millions of dollars to meet the Americans with Disabilities Act mandates.

APTA proposes to retain the existing Section 9 formula program at even higher funding levels. We continue operating assistance to all transit systems.

It is hard to imagine a more counterproductive policy than the Administration proposal to eliminate operating assistance for urban areas with more than one million people, the people who really need transit. This would require fare increases or service reductions in the very places where pollution, congestion, and gridlock are the most serious.

For example, the elimination of $35 million in operating assistance to New Jersey Transit would result in a 17 percent fare increase. More than 8.5 million additional auto trips would be made on New Jersey highways as a result of this fare increase. What this would mean for New Jersey is more pollution, more congestion, and more foreign oil consumption. This increased pollution would occur at a time when New Jersey is struggling to meet Federally established clean air mandates.

Although the $35 million in Federal operating assistance is a small share of our budget, approximately 6 percent, it is crucial because without it we will have to increase fares or reduce services, something that our Governor has tried very hard to avoid this year. It would come at a time when the State is hard-pressed to de-

velop an air quality plan to ensure compliance with the Clean Air Act.

Federal operating assistance for all transit systems is essential to maintain and operate the Nation's transit infrastructure. APTA's proposal is designed to ensure that transit can fulfill its role in achieving national goals for cleaning up the air, enhancing mobility for all citizens, reducing congestion, saving energy, and improving productivity.

There is one point that I would certainly like to bring up, and I think it says it all. If you look at the highway bill and you look at the transit bill, the five-year transit appropriation, the total amount of dollars is equal to 80 percent of one year, 1996, highway dollar allocation. I think that says it all.

In conclusion, I would like to say that APTA's proposal retains the existing Section 3 and Section 9 programs, including operating assistance. We have also included constructive changes that will enable the transit industry to be a vital link in a national transportation system.

This concludes my testimony, and I thank you for the opportunity.

Mr. DAHMS. Mr. Chairman, our next testimony is from Kenneth Gregor, who is the general manager of MARTA, Atlanta, Georgia.

Mr. GREGOR. Mr. Chairman and members of the subcommittee, first permit me to emphasize that the transit industry is not unmindful of the continuing deficit crisis our Nation faces. Before this industry has approached Congress, many of our systems have increased fares, cut staff, reduced service, and frankly taken other actions to get our financial houses in order.

Secondly, history indicates that it is Congress which has provided the leadership and direction to public transit. This has been particularly true in the past ten years and we are grateful.

In the past year, two major pieces of legislation were enacted which significantly impact our industry—the Americans with Disabilities Act, and the Clean Air Act Amendments of 1990.

After struggling with these two bills, the transit industry ultimately embraced them and supported them.

Access to public transit for Americans with disabilities and senior citizens is a significant step in enabling those citizens to have mobility which brings greater access to jobs, church, and other activities. But it will require that rail and lift costs for buses and rail car will approximate one-half billion each year. Paratransit service costs will likely be another billion each year.

As APTA has testified to the Public Works Committee last year, the Americans with Disabilities Act of 1990 will require significant compliance costs for transit.

The Clean Air Act Amendments of 1990, if adequately enforced, will play an essential role in the reduction of air pollution, particularly in our urban-suburban environments. The amendments are predicated on the fact that the surest way to diminish mobil-generated pollution is to reduce the vehicle miles travelled in single occupant vehicles. For instance, when one commuter uses transit, that precludes the emission of 9 pounds of hydrocarbons, 63 pounds of carbon monoxide, 5 pounds of nitrogen oxides, and 1 pound of particulates per year.

We applaud the Clean Air Act Amendments of 1990, but they will also require over $100 million annually for particulate traps and increased fuel costs. Congressional aid is essential.

Also, APTA proposes that 3 percent of the Federal program be set aside for research development, training, and human resources.

In conclusion, we urge you to adopt a program that restores Federal transit funding to where it was ten years ago, $6.5 billion in inflation-adjusted dollars, that maintains essential General Fund support for transit, that preserves operating assistance for all transit operators, that grows over five years so that the transit program reaches $11 billion in the last year, and that gives us a level playing field through equal matching ratios and balance requirements for transit projects and highways.

With your positive response on these points, transit will be a full partner in our Nation's transportation future. Our industry is ready and willing to help our Nation save energy, clean up the air, provide mobility for all citizens, and maintain economic productivity.

Thank you.

Mr. MINETA. Thank you very much, Mr. Gregor, and the other members of the panel, for your fine testimony.

Any other statements, Mr. Dahms?

Mr. DAHMS. Let me just note, Mr. Chairman, that you have heard from a cross-section of representatives of the industry, and we also have in the audience Rick Simonetta, the general manager from Columbus, Ohio; Howard Breen, a board member from Kansas City, Missouri; Howard Gates, a board member from Rochester, New York; Mary Evelyn Bryden, staff, and Tom Fortune, a board member from Orange County, California. The attention you are giving to transit is very much appreciated and we have sort of turned out to show how much we do appreciate it.

Mr. MINETA. Very well. I agree with many of your recommendations regarding the elimination of Federal obstacles to the funding of new start rail projects, such as streamlining the excessively burdensome alternatives analysis process to more closely parallel highway planning. Nonetheless, because the new start program is discretionary in nature, we will need to provide UMTA with some way to rank these projects.

I was wondering how would you assess the relative value of various new start criteria for assessing the merits of new start projects?

Mr. GREGOR. Let me respond from my perspective, Mr. Chairman. I think one of the criteria that ought to be used is local policy and State support for transit. When I say that, I am talking about what willingness on the part of the business community and the governmental community is there to support folks taking transit in contrast to commuting by single occupant vehicles. For instance, if states would be willing to offer employees such incentives as subsidized transit as they are willing to provide for subsidized parking. Items of that nature to get not only as we require now a financial commitment, but a moral commitment in policies established by the State and local governments which are written and ratified and adopted by the governments. That is one of the criteria that I would suggest beside some others.

Mr. MINETA. Any other panelist?

Ms. DELIBERO. I would like to add to what Mr. Gregor said. I think one of the concerns that we have with the way UMTA determines new starts is based on its $10 cost per additional new rider. I think that's a fine criteria, but you have to look at what else is in concert with that. If you continue to have unlimited highway funds, you don't have specific things as the whole municipality planning together so there is restricted parking, then you're never going to build the ridership that warrants the criteria that UMTA uses to acknowledge whether a new start is credible or not. So I think it takes all of that in concert. The more we supply money and allow more to highways, it kind of defeats the transit purpose.

Mr. MINETA. What about the requirement there cannot be more than one project being considered in a corridor. To what extent does that stymie the planning process to give you the ability to look at what you really ought to be doing to try and address the local needs?

Ms. DELIBERO. I can speak on that because we have two projects right now. We are working very closely with UMTA because we now have the Waterfront project in New Jersey and we are also looking at the Newark Growth Connection, which will supply transit from the Newark area to the airport, which may be another one that we'll be coming to UMTA for new start. We feel very strongly that we should not be confined to one project. If two projects makes sense, provide the ridership, and bring the economic growth to the area, we don't think that we should be confined to one project.

The CHAIRMAN. Will the gentleman yield on that point?

Mr. MINETA. Absolutely.

The CHAIRMAN. It just boils my blood. The connection between the pods at Newark Airport are being paid, in the main, by Port Authority. Am I correct on that pretty much? I am talking about the monorail.

Ms. DELIBERO. The circulator in the Airport itself, yes.

The CHAIRMAN. But the ability to be able to make a connection a quarter of a mile—I am thinking by the Budweiser Brewery there—to the Pennsylvania Line, which is the main North-South line on the East Coast, under the present rules we can't do it that way because you are not supposed to have two programs. Which really gets to the point, and you come back to yourself and you say, why should some stupid, idiotic rule that somebody laid down 20 years ago—that's what this new bill is all about—why shouldn't the States be able to make those kind of determinations. I think that's the point that has to be stressed. And I think you are absolutely right. I don't see any artificial—I am taking part of Norman's time, I've got 60 million more questions. But be that as it may, I want to make that point. I think that is a personification of what is wrong in the basic program as we're going.

I thank the Chairman.

Mr. MINETA. One thing, you never have to worry about where the Chairman's thoughts are leading you. But the problem I think, Mr. Chairman, as you allude to, is the fact that that same restriction doesn't apply to highway projects in terms of multiple projects being considered at the same time. So why this kind of an artificial limitation as it relates to mass transit.

I would like to ask the panel why APTA supports the continuation of a bus facilities discretionary program under Section 3 which is substantially higher than the $50 million annually proposed by the Administration. How do you envision that UMTA will allocate these funds, and why would APTA not favor distributing more of these funds by formula?

Ms. DeLibero. Could you repeat that question, please. I'm sorry.

Mr. Mineta. First of all, it relates to the discretionary program under Section 3. I am wondering why you support the continuation of a bus facilities discretionary program under Section 3 which is substantially higher than the Administration's program, and would you consider going to a formula distribution of these funds rather than under the discretionary part as we find it now?

Ms. DeLibero. Actually, we do support it because on the facilities and bus facilities, presently we get roughly $26 million for the buses. As we go on, our concern is that the buses are more sophisticated now. If we go to what is happening in the next—with the new bill—on the fuel, on the changing of the fuel, it looks like we are going to trap oxidizers or compressed natural gas or some other alternative fuel which is going to be a very costly commodity for all the transit properties. The compressed natural gas buses run about $250 million, if that's the way we go. Each fueling station at each one of our facilities, in order to have compressed natural gas, run about $1 million per facility to have fast fueling. I know, I just went through this when I left Dallas and had put together a whole program prior to coming to New Jersey Transit. So it is a very expensive commodity. We would like to keep it separate rather than in the formula. I think it better satisfies the needs of the transit authorities.

Mr. Dahms. Mr. Chairman, I think you've seen there's been some lumpiness in the bus program as well, especially when new maintenance facilities have been required. And further, where the new starts program serves a community that looks to expansion with rail, there needs to be something comparable for growing communities looking for expansion with buses. So it is really a question of those places where there is lumpy needs, they are beyond the formula program, you would need some discretionary program.

Mr. Mineta. Let me ask about this whole issue of distributing rail modernization funds on the basis of historic share versus some other formula, such as rail modernization needs analysis. How would rail modernization funding winners and losers vary under these two formulas?

Mr. Dahms. Well, you're looking at three of us who have been discussing in a friendly manner this issue. I will start with Ken and I'm sure Shirley wants to comment too.

Mr. Gregor. I think from our vantage, and I, of course, represent a new start community, it has been our feeling that the rail mod folks are going to have to work out some arrangement very similar to the new starts where we put together programs and we have to sell our individual programs to Congress and the earmarking process and to UMTA. So we have basically indicated that from our perspective the rail mod folks are simply going to have to work it out like new starts.

Let me defer also to Shirley, who represents I think one of the rail mod cities.

Ms. DELIBERO. We are trying to keep it friendly as we discuss how we're going to allocate the dollars. New Jersey Transit is unique. I get 11 percent whether I go historic share or whether I go formula. So we kind of are in the middle. I think that historic share can be used, but we have to look at the years and parameters. That's one of the things that we're looking at. We don't believe that any of the big 8 that have the rail modernization programs should suffer. I really appreciate, having come up through the ranks through a maintenance background, the need for the infrastructure to continue to improve and to overhaul and to keep our equipment up to speed because if you don't do your maintenance and have these programs, then your operating costs will soar. So we are having some difficulty trying to figure out which way we go, but we believe that this group will look at the fairest and most equitable way of distributing the cost.

Mr. MINETA. Any other thoughts?

Mr. DAHMS. On that issue or——

Mr. MINETA. On that issue.

Mr. DAHMS. I think I just share with Ken and Shirley. The Bay area also has an interest in this and it's a little bit like changing a program absent an increase of funding the hold harmless interest. In this case, the industry, going all the way back to 1981 before the 1982 act, had agreed to the new starts and the rail mod as being distinct and at that time did not anticipate the new starts operators eventually needing the rail mod money. Now some of those operations are getting old and anticipate needing the rail mod money. So the challenge then is how do you start to squeeze those once new systems that are now needing rail mod into it without disadvantaging the older systems. If the numbers can be high enough, it is not a problem; if they can't be high enough, then the industry has something of an internal disagreement. That's why you have probably heard a lot about the question of should it be a formula and, if so, what should the formula be.

Mr. MINETA. Does the increase in Section 3 funding with the transferability increase that to any degree?

Mr. DAHMS. It seems to me that if the numbers could approach the numbers that your committee has been advocating, then some accommodation would probably readily be taken care of.

Mr. MINETA. Thank you.

Mr. Emerson?

Mr. EMERSON. No questions, Mr. Chairman, thank you.

Mr. MINETA. Chairman Roe.

The. CHAIRMAN. I want to thank the panel for excellent testimony. And I want to devote a little time to Vickie Shaffer's observations in the rural area. I think you made a very telling point. Then someone brought up the point of the bias to transit. I don't think we have really defined what we mean by transit. We have created a prejudice in this country that when you start talking about anything other than highways that people have different definitions. So I think we have to redefine. And I give that challenge to you, as far as the organization is concerned. What do we mean by mass transit? What do we mean by public transit? People apply different

connotations, different understandings. Do you understand what I am trying to say?

I think one thing this legislation ought to come back and do, and very clearly, it ought to come back and say, yes, we have highway--nobody is fighting with the highway issue, we need that. But by the same token, the mass movement of people, however we want to define that, is equally as important as the other, and there shouldn't be that relationship. Now why does the Administration come back and insist upon keeping the funding flat, so as to speak, for mass movement of people, I don't know, and particularly in view of the President's speech when he came back in the Joint Session of Congress and made the point that the two most important domestic issues were transportation and energy. If we're going to be able to improve the energy situation, one of the things we ought to be doing is getting our people out of their automobiles, one person automobiles—we've been through that a hundred times—and then be in a position of saying we ought to be using mass transit of any kind that we can think of to achieve that goal. That's the first statement I want to make.

I think we have a challenge trying to raise the horizon of this whole debate. We have got to come back and say to America and to the Congress this is not a debate between highway transportation and people moving in mass vehicles. That isn't the debate at all. You've brought in the issue very clearly and very concisely, you all did, on the point of view of the air pollution issue, the handicapped issue. So there are other criteria that now exists and hopefully that this committee, as we unfold this, will bring the new criteria which Congress created. Congress created those new bills; they created the Clean Air Act, they created the handicapped bill, and so forth. So I would think that the challenge, and I would like you to start to look at that, is how we come back and say there is no longer a debate between "people movers" and "moving people", if I am making any sense to you. And I think we have to just cast that aside once and for all and be done with it. And that goes to the flexibility issue that Chairman Mineta has been speaking to eloquently over the country in the last month at least. If we put the two issues and we say there is one transportation system, it is up to us and our respective States to determine how we wish to apply an element of that transportation system to meet our specific needs. Do I make any sense. We have to raise that whole issue.

It seems to me also, Mr. Turney, you made an extremely important point, in my judgment. You came back and you said, hey, guys, look at a different thing. I am not running a transportation system, per se, but I am called upon as one of the major support organization of the country in this particular field and have X number of people working for me and so many people are dependent upon what we're doing. So basically, what you're really coming back and saying—and this is another point that ought to be made—that if we're talking about the economic dynamics of transportation, we're not just talking about the person that runs the vehicle or the person who collects the tickets, the whole bit; we're talking about a very substantive economic infrastructure that's needed to support this operation. That creates X numbers of jobs, hundreds of thousands of jobs, and capital. So when we start talk-

ing about the mass transit issue in comparative relation to just highways, we're talking about a huge economic segment of the country. Is that a fair statement to make?

Therefore, when we start talking about whether people are paying a nickel more for gasoline—which is one point I want to raise and intend to raise ad infinitum until we get it passed, we're coming back and we're saying, and Norman made this point earlier, that there is no way the funding is going to be made available; there aren't enough resources as presently constituted unless this committee and the Ways and Means Committee and the Congress increases that level. Congress has got to come back and say that you need at least $6 billion. If Congress starts making a decision of providing adequate funding, that is going to change the determination that this committee makes on levels of formulas and so forth and whatever involved. And I think you were answering that point, Ms. Shaffer, when you came back and said if we had more money in the till it would give us chance to balance that arrangement as far as the so-called Big 7 transportation people are involved.

But I want to thank you for indulging me and letting me get that off my mind at the moment. But I do think we should try to raise the debate and no longer divide it. It doesn't exist anymore, let's end that.

Mr. DAHMS. If I might respond just for a moment. The Congressman certainly has picked up on the main thrust of our comments. We may seem a little bit schizophrenic because Mr. Turney makes the point that for transit itself we need to have some level of stability. And there we're looking especially in the Section 9 formula to be increased to make sure that we can maintain the——

The CHAIRMAN. Can I interrupt you?

Mr. DAHMS. Yes, sir.

The CHAIRMAN. One of the mistakes "we" can make, and I use the "plural" not the "royal we", one of the mistakes "we" can make in unfolding this document that is going to direct the transportation system in the future is concentrating too much on formula. If I were running my State and the formula relationship was 90-10, as a Governor of my State, I would have to go for the 90-10 even if it meant building more highways, versus the point of 60-40 on mass transit even though 60-40 on mass transit may be right. We have to raise the level of the debate so we're no longer talking about what they did in the past in percentiles and so forth, because that isn't going to be what the debate should center on. Do I make any sense to you?

Mr. DAHMS. Yes, sir.

The CHAIRMAN. Well, I hope we can start to use some of that.

Mr. DAHMS. All I was saying is that just as in the Interstate System on the highway side there is a commitment to make sure that it is maintained, the transit industry feels strongly that there needs to be a commitment to maintain the system and that the $3 billion level that the Administration offers is so low that it wouldn't even maintain the system much less offer the kind of flexibility that people have been speaking to.

The CHAIRMAN. If the gentleman would forgive me again and yield. We have 250 million people in the country. What's going to happen in the next ten years? Will there be another 20 or 30 mil-

lion people? What are you going to maintain for that? The thesis around here is we have to maintain—no effrontery to you—we have to hold here, we have to hold there. I think the point that Norman made, that why should there be a division between systems of transportation. Why should it be there in the first place. We have got to change the mindset of the Congress and the country. Why should there be a highway system of significant importance—by whose definition? And how does it affect my State? Let me be a little pedantic. How does it affect my State? If you are going to use 65 percent of that money to maintain the Interstate System, then I want to know what is going to happen to the rest of that money or how much of that Interstate System is within my State. Because I'm surely going to be shortchanged on any transportation system in New Jersey if they are going to be maintaining that system and to do that thing. That's assuming that the country is static—there is no growth, there is no change in regional growth, there is no change in port development, there is no change taking place any place at all. Am I making any sense to you?

Mr. DAHMS. Yes, sir.

The CHAIRMAN. So the people have been testifying already today are coming back and saying, yes, but put us in the intermodality issue, put us into focus and make us part of the highways of national significance. So I can see a thing developing here, and rightfully so, that in order to get my port project, my accessibility intermodality approved, I have got to be considered in Highways of National Significance otherwise I am going to have to wait ten years because there is no money in the bill to build it in the first place unless we increase the funds.

Mr. DAHMS. I think transit wants to be part of the growth as well. Certainly, if the numbers can be made large enough on the transit side, that's fine; and if they can't be made large enough on the transit side and the so-called Urban and Rural program can be made large and then flexible so that the transit has access to that when it can be shown that a transit expansion will do the job better than the highway expansion, then certainly that's what we want to do.

The CHAIRMAN. I thank the distinguished Chairman.

Mr. MINETA. I want to follow-up just a minute. I am wondering to what extent has APTA, through the Legislative Committee, approached the Budget Committee in terms of what's going on in the budget resolution. Because every time we turn around we get told you can't do that because of the budget summit agreement, or whatever. So we have sallied forth with our own program in terms of what we requested in amounts. I think to a certain extent we see the handwriting on the wall right now with some of the penciled figures that we have seen on what they are advocating, what the Budget Committee is going to be suggesting for highway and mass transit programs, and they are very, very far short of where we were. As I understand it, the Budget Committee is looking at $4.7 billion at the end of fiscal year 1996; whereas, we were looking at $6.5 at the end of that fiscal year period. That's a big difference. So I am just wondering what you've been hearing from whatever efforts you've been putting forth.

Mr. DAHMS. To begin with, we have been hearing the same thing that you've enunciated. APTA did ask its membership to follow-up immediately with the Budget Committee based on the information that you took to the Budget Committee. In our case, I know from the MTC, we communicated with representatives of the Budget Committee from our region and I believe others around the country have as well. We certainly appreciate the difficulties that can be created if the Budget Committee doesn't come up with some larger numbers.

The CHAIRMAN. Will the gentleman yield?

Mr. MINETA. It's your time, Mr. Chairman.

The CHAIRMAN. There is a shell game here, too, you know. And the shell game goes that because of some supposed agreement Congress made that we would have to have a budget cap, therefore everything stopped in the world. That doesn't make any sense. Because if you are going to be able to provide the resources you people need, you have got to move ahead. Now this committee is faced with a responsibility. And with Norman Mineta and John Paul Hammerschmidt and myself and Bud Shuster, we have said, having nothing to do with partisan politics, we have said to the Budget Committee that we disagree with you. We think you are wrong. Our job is not to fit a transportation system into that budget scheme at all; our job is to produce what is important for the country. And now one closes the circle on that and comes back and says to ourselves, if that's the case, then we're going to need help. It isn't good enough for you to testify—and I am not coming down on you—it is just not good enough to testify. You have got to go back to your respective States and you have got to say "stop it". If you want the money, we have got to get the votes on the floor of that House.

I was particularly impressed with our visitation in the last week out in Oregon, Washington, and California, and was pleasantly surprised on the enormous public support for people movers, for mass transit, in all three of those States. I got to thinking to myself that on the East Coast, as much as we fought for years, as you know Shirley, to keep it going, the people on the West Coast are now determining how that direction should go.

So I would hope—if I may Mr. Chairman, one more moment — is to come back and say to you folks we've got to figure out how we can get the Congress to agree with what we're talking about and we're going to need some votes there. Pardon me for saying it. I'll probably be unpopular tomorrow morning on the floor of the House but too bad, I happen to believe that's true.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much.

Mr. Rahall?

Mr. RAHALL. Thank you, Mr. Chairman.

I have a prepared statement to submit now for the record, and then I would like to have a discussion with this panel.

[Mr. Rahall's prepared statement follows:]

STATEMENT HON. NICK J. RAHALL, II (D-WV)

We have heard, Mr. Chairman, testimony from the experts on the reauthorization of the Urban Mass Transit, or UMTA, Programs.

In holding these hearings, we are recognizing the past, present and future needs of transit-dependent segments of our population, such as the elderly, the low-income, the disabled and the isolated.

As most of you know, I have introduced H.R. 1079, the mobility assistance act, which is intended to provide mobility for those transit-dependent people I have just mentioned.

Welcome all of our expert witnesses today, and especially a most personal welcome to Vickie Shaffer of the Huntington, West Virginia Transit Authority. Vickie is a nationally recognized expert on small urbanized and rural transit needs. I thank her for coming.

I also welcome Connie Garber, who is testifying on behalf of the Community Transportation Association of America, and in her own right is transportation director for the York County Community Action Corporation in Sanford, Maine. Connie is an expert on rural transportation needs throughout the country and will provide us with some details on what rural transit demands of the future are likely to be, and she will have some statistics to back up that need. Welcome Connie.

Mr. Chairman, I will not take up your time with an extended opening statement. I think H.R. 1079 speaks for itself, and I take this opportunity to thank the 12 members of this subcommittee who have cosponsored the bill, along with 20 others, bringing the total of cosponsors to more than 30. I am pleased to be able to say that the Select Committee on Aging is also supporting the Mobility Assistance Act.

My district is, for the most part, rural in nature. Yet 56 percent of rural counties throughout the State of West Virginia are unserved when it comes to public transit.

Briefly, Mr. Chairman, the Mobility Assistance Act will dramatically increase the share of Federal assistance going to nonurbanized areas, as well as for small urbanized areas. Also, it will provide a special program for helping transit authorities to comply with the Americans with Disabilities Act, and it will provide for the coordination of transportation-related social and human services programs in order to better serve the rural elderly, the rural poor, and the low income individuals who make up 42 percent of rural populations.

Not everyone, Mr. Chairman, lives in large or small urbanized areas. They live in rural areas, frequently in isolation, deprived of the opportuntity to visit doctors, go grocery shopping, or get to jobs.

Connie Garber will give us more details on rural transit needs in her testimony, as Vickie Shaffer has. I believe that others testifying here today are prepared to give us their views of H.R. 1079 as well.

The Mobility Assistance Act was carefully crafted, Mr. Chairman. It has as its orginal goal one that would expand and improve transit opportunities for the disenfranchised who live in rural and small urban areas. We are at a crossroads this year in the reauthorization of transportation programs, where we can gear up for the 21st century by bringing transit into the 20th century. It is time to bring all our populations into the mainstream of society by allowing them to travel freely and easily, with the knowledge that they will have every chance to move about in their communities and beyond.

I thank the chair.

Mr. RAHALL. I would just like to personally welcome Vickie Shaffer from the Tri-State Transit Authority in Huntington, West Virginia. She is an expert, as is all the panel, I might add, from their testimony here today, in small urbanized and rural transit needs. I understand, although I missed her testimony because of a lunch with Secretary of Interior Lujan, that she did speak about the Mobility Assistance Act and I appreciate the support that's been expressed for this legislation.

I also want to associate myself with the points that the Chairman of the full Committee, Mr. Roe, was making. His efforts in all of these hearings to raise this level of debate are to be commended. He has certainly got the proper focus, as has Chairman Mineta, on the entire horizon, as Chairman Roe likes to refer to it, of our needs in this area and all of our transportation needs.

If the Chairman would excuse me, I would like to get parochial, as you might call it, for just a very brief moment and just mention one fact; 56 percent of rural counties throughout my home State of

West Virginia are for the most part unserved when it comes to public transit. We are trying to address the needs of our low income, the needs of disabled, the needs of our isolated, the transportation needs of our country, through many programs that Congress did create, as Chairman Roe has said. And I think this panel has addressed the past, the present and the future needs of our transit-dependent segments of our population, and I want to commend them for the way they have presented that testimony today.

Vickie, if I might ask you a specific question. As I understand in your testimony you talked about the flexibility that the Administration calls for in their highway proposal. That, of course, could translate into massive transfers of funds from transit programs to highway programs; certainly, it would be allowed under the Administration's provisions. This may be particularly attractive to large, urbanized areas, but my question is what is the effect of this in reality on rural and small urbanized areas nationally? How would it affect West Virginia, for example, to allow this flexibility and the permissiveness of this transfer of funds from transit to highway needs?

Ms. SHAFFER. I think I can speak of West Virginia with a lot of confidence. My colleagues have shared the same kinds of fears with me. In West Virginia, if our Governor is facing and he has a choice between building highways and bridges and building bus garages, we will work at an old garage and there will be a new bridge. This Congress has an intention of addressing a broad need of mass transit, not only in the largest urban areas.

Going back to what Chairman Roe was saying about highways and transit all being one program, we'll lose out to the highway folks. There will be just enough there to keep us running but in terms of improvement, and expansion, and problem-solving, we will solve it with bridges and highways. I would like to see the Section 9 money apportioned to small urban areas, the Section 18 money, the Section 16(b)(2) money absolutely exempted from any transfer to highways and bridges. Get the governors off the hook—don't even give them a choice in the first place—and protect us at the same time.

Mr. RAHALL. So you are saying for the large urbanized areas flexibility might work and allow them that flexibility, but provide an exception for small and rural areas, is that correct?

Ms. SHAFFER. Exactly. I thank you for making that clear. The mid-size, large urban areas, it makes sense. The problem there is more of an intermodal problem than we face in our own areas, and you have got a lot more money in the whole solution.

Mr. RAHALL. As you know, West Virginia pays some $10 million a year into the mass transportation account, yet, we only get, as I understand it, $765,000 back, which is less $1 million and we pay in $10 million.

Ms. SHAFFER. That's it.

Mr. RAHALL. Okay. Should we be giving serious thought then to requiring a minimum return, say 85 percent or 65 percent or whatever other percentage. Could we effectively utilize those dollars in the State if we had that minimum return requirement?

Ms. SHAFFER. Absolutely. We have a big problem with mass transit funding in this day and age. It is paying for operating assistance

in West Virginia. As you well know, we had to go to Section 3 for capital reinvestment, and once you have done that, you don't ever do that again. I think if we had a greater return on the mass transit account funds, either through formula—I would have to assume it would be through formula—or through some re-entitlement, as you say, back to the States, we would have a guaranteed reinvestment program in our facilities and our equipment. And you go back to what Mr. Turney was saying, there would be some broader, perhaps more guaranteed investment that they could look to in terms of long-term planning and what they can afford to put into plant and equipment. The percentage, I would defer to perhaps some greater and further discussion. I would certainly think somewhere between 65 and 85 percent. But, yes, sir, we can sure spend it and we sure have the need for it, no question.

Mr. RAHALL. Let me ask you this, and you may have spoke to this in your testimony which, again, I apologize for having missed, but what are the additional requirements of TTA that are going to come about now because of the ADA?

Ms. SHAFFER. We are going to have to lift equip all our buses. I don't know where we're going to get the money to buy the buses in the first place, much less the $15,000 additional to lift equip them; you may have neither one. Huntington, West Virginia is a non-attainment area in terms of EPA standards. I foresee in the next year or two perhaps one hell of a demand on that transit system and no increased funds to meet it. I don't know what that may come down to in Huntington. But I am particularly concerned about ADA. I want to do a good job with that and we are going to have a paratransit requirement, new equipment requirement, lift requirement. I want to get those people out. I think what we have found with our dollar ride in Huntington, that's been so neat, is that when you provide the transportation, suddenly all those handicapped people that didn't need it come out, and guess what? They do. That demand is growing on our system and we want to do it right. I am sorry folks, that takes cash. So I hope we will see that opportunity to serve that public.

Mr. RAHALL. Thank you. I didn't mean to exclude any of the other panel. Any other member of the panel wish to comment?

Mr. DAHMS. There is one concern. Just as flexibility probably works in the medium and larger areas and not as well in the smaller areas, so that has to be taken into account; so must we concern ourselves with whether we just look at the penny for transit from the 1982 act and whether it is distributed across all States, or whether we look at the whole gas tax number of 9 cents and how it is distributed across the States. From the transit point of view, I think we need to call attention to looking at the whole 9 cents as opposed to the 1 penny.

The CHAIRMAN. Will the gentleman yield?

Mr. RAHALL. Sure.

The CHAIRMAN. You are bringing some light here. You make a very good point. I personally, and now only speak for myself, have been reticent to jump into any tidying up of the bill in the sense of having like four accounts instead of seven or nine or twelve. We talk about flexibility in a much broader sense, in the sense of between mass transit, per se, for want of a better phraseology, and

the highway aspect of it. But what you are coming back and saying, if I am hearing you correctly, if you let that broad interpretation just stand unto itself and then you were to vitiate the specific matching programs for rural, that the rural people would be done in at that point. I think you have got a good point there. So fundamentally the relationship between flexibility now is drawn as it relates to the smaller programs, such as the rural program, you would have to keep that into focus so you would have "the flexibility," otherwise the smaller towns and communities and cities could be done in at the pass as far as funding is concerned because they have to come directly from the State otherwise. Point is well taken.

Mr. MINETA. One of the things that I detect in the bill that the Administration has put forward is the fact that they look at Federal, State, and local government, and anything that is going to go to local—whether it is general purpose government or specialty government—is going to go through the State. I think someone figures down there, whoever is making these domestic policy decisions, that Federal talks to State, and State talks to cities and local transit agencies. My experience, as I said earlier, was that cities are creations of State Government and so are specialty districts, but after that you get treated like illegitimate children and no one wants to deal with parentage. So here in this instance we are now dealing with a highway-mass transit bill where the money is going to be going from the Federal level to a governor, who then is going to allocate resources down to the city government, county government, or to a transit district. To me, that's just ludicrous to think of it in terms of stepping down in each of those instances.

And you see this I think also being reflected in what the Administration is talking about with Community Development Block Grant funds; that that $25 billion program will go to the governors. Now you are hearing the reaction of the National League of Cities, the U.S. Conference of Mayors, and the National Association of County Officials saying absolutely not, don't let CDBG go to the governors first before they get filtered down to local government. And I think that same template is being used here in terms of highway and transit funding. We really have to take a look at what is being done.

Again, let me thank all of you very, very much for your wonderful testimony and for the work of the Legislative Committee and the various subunits as they relate to Federal funding. You've been a very vital part of this total picture and an important part because of the role you played. So again, let me thank all of you for taking time from your own busy schedules to be part of this important dialogue as we try to put together this legislation. I appreciate it very, very much.

[Mr. Dahms' prepared statement appears on page 674.]

[Ms. Shaffer's prepared statement appears on page 954.]

[Mr. Turney's prepared statement appears on page 974.]

[Ms. DeLibero's prepared statement appears on page 713.]

[Mr. Gregor's prepared statement appears on page 741.]

Mr. MINETA. At this time the subcommittee will take a thirty minute break and we will reconvene at 2:45 p.m.

[Recess.]

Mr. MINETA. The subcommittee will please come to order.

At this time I would like to call forward a panel made up of Transit NOW: Bruce M. Fried, executive director, America's Coalition for Transit NOW; Carol Bellamy, managing director of Bear, Stearns and Company, Inc.; and Steve Heminger, vice president for Transportation, Bay Area Council.

It's good to have you here. Your testimony will be made a part of the record.

Mr. Fried.

**TESTIMONY OF BRUCE M. FRIED, EXECUTIVE DIRECTOR, AMERICA'S COALITION FOR TRANSIT NOW; CAROL BELLAMY, MANAGING DIRECTOR, BEAR, STEARNS & CO. INC.; AND STEVE HEMINGER, VICE PRESIDENT FOR TRANSPORTATION, BAY AREA COUNCIL**

Mr. FRIED. Just by way of introductions, Mr. Chairman, first let me express the appreciation of the Transit NOW Coalition to the Chairman and the committee for inviting us to provide some insight into our perspective. The Transit NOW Coalition is an organization comprised of over 140 national and local organizations, investment bankers represented here today, local business chamber organizations, also represented, but also environmentalists, labor organizations, electric utilities, aging groups; a whole host of interests. We are organized and committed to advocating a major increase in Federal funding for public transportation.

I was particularly pleased to be of assistance in constituting a panel that can raise several issues about the importance that public transportation for America's business community. And to that end, I was particularly delighted to be able to bring before the committee Carol Bellamy, who is a managing director with Bear, Stearns and Company, a leading investment banking firm. I'm sure it's well known to the committee that Ms. Bellamy was also the president of the New York City Council and formerly a member of the board of the New York Metropolitan Transportation Authority.

Also with me today is Steve Heminger. Mr. Heminger is the vice-president for Transportation for the Bay Area Council, which is a business organization made up of several hundred businesses from throughout the San Francisco Bay area.

Mr. Chairman, at this point I'd like to turn the microphone over to Miss Bellamy. I just note that attached to my statement was a list of Transit NOW organizations and a brief statement about the position the Coalition has taken with regard to reauthorization of the Surface Transportation Act. I'll be happy to answer questions after her testimony.

Mr. MINETA. That's great. Miss Bellamy, if you would go ahead, please.

Miss BELLAMY. Mr. Chairman, I appreciate this opportunity. As first indicated, I come wearing my hat as a member of the private sector and as a daily commuter on public transit to my business. I have had the opportunity in a past life to serve more directly with public transit as a board member for eight years of New York's Metropolitan Transportation Authority. You're going to be hearing later from our good new chairman Peter Stangl, and so I just mention that in passing.

My focus today, the focus of my comments will be the role that public transportation can play in addressing some of the crucial issues that our Nation faces from an economic perspective, and the importance of increasing, quite substantially, the investment by the Federal Government in the Nation's public transit infrastructure. More specifically, I'd like to touch on three points: the issue of productivity in this Nation, the issue of the balance of trade deficit, and, finally, the issue of our ability to compete in a one world global economy.

First, let me talk about something that as an investment banker I hope I know something about and that is investment. Our Nation's economic viability, it's competitiveness, and indeed it's productivity are jeopardized by our failure to invest in our infrastructure needs. You've had many numbers thrown at you, I'll just use one. In the last decade, Federal funding for public transit has declined by 50 percent. What does this mean? Perhaps the best known observer and researcher from the private sector, formerly associated with the Chicago Federal Reserve and now a leading scholar on the issue of the relationship of investment as it applies to productivity and economic issues, is David Ashauer. I would like to just offer two quotes from his work. Back in November, 1989, Professor Ashauer reported that 60 percent of the productivity slump in the United States can be attributed to the neglect of our poor infrastructure, pointing at public transit as key to that poor infrastructure. And more recently an article in the Wall Street Journal in March of 1990 he pointed out, "If public sector capital accumulation fails to keep pace with private sector capital accumulation, it can be expected that the rate of return to private capital will suffer, private investment will be depressed and private sector productivity growth will stagnate."

The bottom line is that in this Nation the investment in capital infrastructure by the Federal Government has been going down dramatically. Contrast that if you will with our competitors in this world. The level of investment in transportation infrastructure formation in Europe, for example, is simply astounding. Business Week reported about a year ago Spain's investment of $22 billion in a national rail network, West Germany's investment in an intercity high speed rail network, the Scandinavian countries are building Scanlink, which is a rail and road system connect, Switzerland is building the trans-Alpine rail tunnels and, of course the famous British and French "Channel". If I can jump from that part of the country to Japan, a 5.1 percent investment in public facilities by Japan equals a 3.1 percent annual productivity growth. Contrast that if you will with our Nation with a .3 percent investment in public facilities yielding a .6 percent annual productivity growth. Quite simply, America's chief competitors and our closest allies make significantly greater use of transit and they make a larger commitment to capital formation which encompasses transit.

Mr. Chairman, while obviously we in the private sector believe it is important to be attentive to the Federal budget deficit, we believe as well that a thoughtful policy of investment in public transit infrastructure will have significant benefit for the Federal budget and, indeed, in the long and short-term for the Nation's economic health.

Let me touch on two other issues, one of which has been touched on today. First, the issue of productivity. America's productivity is being severely hampered by the growing crisis in traffic congestion. It's been estimated that travel delays in the Nation's largest urbanized areas now cause 2 billion hours of time to be lost annually. To go to your State, Mr. Chairman, urban congestion in California results in $2 million a day of lost productivity. Closer to home here, on Washington's Capital Beltway, congestion costs employers $120 million in lost productivity each year. These are present figures. It's estimated that by early next century, delays are likely to be tremendously greater than they are today. Over the next 20 years, travel in urban and suburban areas, where more that half of our population resides, is projected to increase by more than 400 percent on freeways and more that 200 percent on other roads.

Productivity is not only affected solely by congestion. Workers who fight traffic experience significantly more stress than their colleagues who use transit. As an example, I would use the Long Island Expressway, otherwise known as the Long Island Distressway by those of us who are New Yorkers, to substantiate that. The negative impact of stress on workers' productivity and their health and absenteeism has been well documented. The point, Mr. Chairman, is that our Nation's productivity will continue to suffer unless congestion is significantly reduced. Public transportation and ride sharing services both offer the greatest opportunity to reduce congestion by increasing vehicle occupancy and by reducing the number of vehicle miles traveled.

Let me now turn to a point that I don't think has been touched on that much today and that is our trade deficit and relationship with energy and public transportation. I need not tell you, obviously, or any of the Members of Congress, that the Nation continues to suffer from deficits in international trading. In 1990, our trading deficit totaled $103 billion. Any analysis of this continuing trade deficit quickly reveals that the cost of imported energy, nearly all of which is oil, accounts for better than 40 percent of the trade deficit. Indeed, the United States imports more than half of the oil that we consume today. And a recent study by the Department of Energy suggests that by the year 2020, if there are no changes, it could be closer to 80 percent. We also know that transportation accounts for better that 65 percent of our nation's petroleum use. If we are to reduce our reliance on Federal oil suppliers, and thus reduce a major component of our foreign trade deficit, not to mention other problems created by our reliance on foreign oil suppliers, then we must reduce the consumption of oil for transportation purposes.

Increasing the efficiency of automobiles alone is not going to be enough to achieve a larger objective. Increasing average vehicle occupancy and reducing vehicle miles traveled must also be a key strategy in reducing our dependence on foreign energy supplies and improving our foreign trade balance. A recent National Energy Strategy report, released by the Administration mind you, points out this issue quite clearly, and I quote, "Studies and demonstration projects have consistently shown that mass transportation, car pools, van pools, and HOV lanes are the quickest, cheapest ways to improve transportation energy use and reduce commuter conges-

tion." Or to give again another simple example, during a single year a single transit bus rider saves over 100 gallons of fuel on simply a 5 mile daily commute.

Mr. Chairman, I applaud the leadership that you and your colleagues on the Surface Transportation Subcommittee are providing in recognizing transit's economic value to our Nation, in particular the five year transit funding recommendation that you've discussed earlier today that the committee made in it's submission of it's views and estimates to the Budget Committee. I'm here to tell you that our Nation's business community recognizes the important role that public transportation plays in our economy and urges the Congress to recognize this role by substantially increasing their investment in public transportation. And if I might say again, as somebody who comments on investment, this is one investment that I can assure you will result in increased returns.

Again, I thank you very much for the opportunity to appear before you today.

Mr. MINETA. Mr. Heminger, please.

Mr. HEMINGER. Mr. Chairman, my name is Steve Heminger, I'm vice president of Transportation for the Bay Area Council.

Miss Bellamy has touched on the importance of mass transit from a national business and economic perspective. I'd like to take a run at the same set of issues from a regional perspective from one of the fastest growing and largest regions in the country, the San Francisco Bay area in California. The Bay Area Council is a regional public affairs organization sponsored by over 250 major businesses in the San Francisco Bay area. We rarely become involved in Federal policy or legislation and then only under extraordinary circumstances. The first post-Interstate reauthorization of the Surface Transportation Assistance Act is just such an extraordinary occasion. We are also pleased to be a member of the National Transit NOW coalition and we're a proud sponsor of Transit NOW's Western Region Mobility Conference in February in San Jose, which you, Mr. Chairman, attended.

Each year the Bay Area Council conducts a regional poll to determine which problems most concern Bay area residents. This year, for the eighth year in a row, transportation was named as the region's number one problem. This longstanding public perception is firmly rooted in reality. A recent national research study by the Texas Transportation Institute ranked our street and highway network as the second most congested in the country. Traffic congestion also inflicts a terrible price on our region and its economy. Bay area residents are delayed in traffic nearly 100 million hours each year which is equal to 15 percent of the total day for the affected travelers. The economic value of this lost time exceeds $1.3 billion annually. Traffic congestion has forced many Bay Area corporations to relocate from central city areas to the suburbs and the outlying areas, which has caused a whole new set of transportation dilemmas. Still other companies have left the Bay Area all together. Expanded public transit is no cure-all for our region's mobility crisis, but without more and better buses and trains we don't stand a chance. Adequate funding for public transportation also is a critical component in the Bay Area's efforts to comply with Federal and State air quality mandates. The California Clean Air Act,

which is much stricter than it's Federal counterpart, will soon require thousands of employers in our region to institute trip reduction programs to discourage solo commuting by their employees. Business can and should encourage their employees to car pool and take public transit. I would make a plug here by saying that Congress could make that job a lot easier by enacting H.R. 1145 and S. 26, which would increase the allowable tax exempt fringe benefit for public transportation from $15 dollars to $60. But private employers cannot extend light rail lines or build HOV lanes, nor for that matter can our State and local governments unless Federal funds continue to flow to the Bay Area and other urban areas in the Nation. We do not, however, seek a Federal handout. Rather the Bay Area Council favors a continuation of the traditional Local/State/Federal partnership in transportation funding.

You should know, moreover, that your local and State partners in California have more than kept their part of the bargain. The chart attached to my testimony demonstrates the tremendous local and State commitment to public transit funding in the San Francisco Bay area, and you've heard earlier in the day from other Members of Congress and others who have testified to similar local commitments and State commitments throughout the country. Voters in our five largest Bay Area counties have approved a full 1 percent in additional sales tax to fund transportation programs and improvements. Last year, California voters approved a 100 percent increase in the State gasoline tax for transportation. In fact, our local and State resources have enabled the Bay Area to reach consensus on a $3.5 billion rail transit extension program that will seek less than 30 percent of total costs in Federal funding.

In espousing flexibility in Federal transportation funding, the Administration proposal certainly heads in the right direction, but it does not go far enough. What flexibility do local officials have if they must put up only 10 to 25 percent of the cost for a highway project but as much as 50 percent of the cost of a new transit line? What flexibility do they have if 100 percent of Federal transit funds are available for highway projects but only 25 to 30 percent of highway funds are available for transit purposes. A model for truly flexible funding is contained in California's gasoline tax package that was adopted last June. The State plan features an innovative flexible congestion relief program that earmarks $3 billion tax proceeds for State highway, local street or mass transit projects, whichever is most effective in reducing congestion in the particular local.

Finally, let me also express, Mr. Chairman, the Bay Area Council's appreciation to you and to Committee Chairman Roe for your leadership to public transportation. Your submission of a $6.7 billion funding mark to the House Budget Committee represented a quantum leap forward. We hope that the Administration and the Congress will work together in good faith, even if it takes longer than 100 days, to complete a reauthorization process worthy of being the first chapter in the Nation's post-Interstate transportation history.

Thank you.

Mr. MINETA. Thank you very much, Steve, for your fine testimony and for your participation today as well as at the February

meeting of the Transit NOW Coalition in San Jose. How do you think that local transit authorities could better coordinate with the business community in order to maximize transit use in urban and suburban areas? As I understand it now, where in the past we've had movement of people from the suburbs into the urban areas in terms of jobs, that it's really now getting to be a two-way street, literally, in that there are many people who live in the urban centers who are commuting out to the suburbs to their jobs. If that's the case, what can we do to get that match to utilize the transit system so that we can do it more efficiently, and where does the public and the private sector really fit in that role?

Mr. HEMINGER. As you know, Mr. Chairman, it's not only a case of what is called the reverse commute, people leaving the central city and going to the suburb for employment, it's also a case, in the Bay area, as I mentioned, of a number of companies relocating to the suburbs in an attempt to be closer to their employees. A lot of commuting now is suburb to suburb. The difficulty with that kind of commuting in terms of congestion and air quality concerns is that that is where transit is least developed and where car pooling and other kinds of techniques are going to be more heavily utilized, at least in the beginning, to comply with congestion relief mandates and air quality mandates.

I think that first of all we need to develop transit infrastructure in the suburban areas of the Bay Area and other urban regions to better serve the nature of the commute as it's been changing. I think we also need to devote more attention to the reverse commuting that's occurring and that you've identified. The private sector certainly has a role to play. The private sector, at least the corporations who have relocated to suburbs as I mentioned, their initial intention was to try to get closer to their employees, which is a noble objective. It's a way of trying to reduce the number of people who are traveling on the most congested corridors. But what has happened is that in doing so they have moved into an area that is very poorly served or not served at all by public transportation and thus have to deal with an area without infrastructure.

I'm sure we'll be full partners with you in seeking the funding and the planning that's needed to provide that infrastructure.

Mr. MINETA. Miss Bellamy, from your perspective is there any kind of a capital problem in terms of the ability of transit districts to get their capital or bonding requirements with what's happening in the marketplace?

Miss BELLAMY. The Tax Reform Act of 1986 obviously made some changes that created a few new wrinkles. But if you take a look at a number of the major transit systems in this country, what you've seen over the last several years is certainly a sophistication in terms of the quality of management and a combination of financing techniques that have been used, not just an increase in bond financing. And, again, perhaps if they want to, the NTA can talk about the service contracts based on legislative appropriation. You see out in California the voters of the State, as you know, saying that they're willing to tax themselves to create a revenue stream that can be utilized for financing. Certainly the market understands the use of financing for a variety of transit purposes. You see a number of States engaged in major transportation programs.

I think the raising of the capital is doable. Obviously, what the market takes a look at is the capacity of the local transportation agency to do that and, therefore, to the extent there remains a financing stream from the Federal Government as well as State and local government, that strengthens the credit that can be used in this case. That is certainly one role that the private sector can play. I think that what's been interesting to see in the last decade is the understanding of the private sector vis a vis public transportation, that it's not just all, if I might and I'm sorry for the pun, a one way street. For the private sector to flourish it needs to be able to move its workers to and from their jobs. It understands the importance of public transportation and it's become a much greater advocate for it, not just solely for purposes of influencing the market.

Mr. MINETA. One of the objectives I think of what we're trying to do is say what will this legislation do to help international competitiveness, our ability to compete, and productivity. What will this legislation do to help economic development by State and local government. In the urban centers, maybe 52 cents may be recovered from the fare box in terms of the operation of the system. On the other hand, in the rural areas it may be 25 cents. Does that impact in terms of the financial community saying, well, we're not going to be looking at the rural needs as closely as we might the urban needs because of that kind of fare recovery. Or do you say okay in the urban we'll require 110 percent-120 percent of coverage but in the rural area we'll have to go to 150 percent of coverage in order to issue a certain level of bonding?

Miss BELLAMY. The coverage requirement changes based upon different locations. An urban area that may be financially weak may require a higher coverage. Also, the private sector has not written off the need for adequate transportation in rural areas. Finally, when you say urban, urban has become very much urban-suburban. It's all come together. So again, I don't want to give you an across-the-board prescription in terms of what the coverage is because that really differs from transit agency and transit property to transit property. But I would say that I think there's an understanding that the development and availability of good public transportation is as important and can be as economically important to an area in a rural area as it is in an urban-suburban area.

Mr. MINETA. Mr Emerson?

Mr. EMERSON. Thank you, Mr. Chairman.

Miss Bellamy, you indicate that Japan, Germany, and Canada enjoy much greater levels of ridership when contrasted with the United States. Do these countries have commuter travel patterns that are similar to the United States, and how do they finance their system?

Miss BELLAMY. I quite honestly can't answer the first part of your question. I'd be glad to do whatever work we need to answer that question, but I would just be answering that off the top of my head.

The second part about what they do outside of the United States, and this is not something that we've just learned, the national capital infusion, or investment if you will, by countries into their transit systems has historically been much bigger than it's been in this

country. And so we're up against a historical trend. At the same time, these other nations have determined that it made good economic sense for them to do that and so that's what we confront. As we are increasingly not competing just one State against another State or one community against another community, but indeed we are competing on a one-world economy nation to nation, a corporate culture across many countries; then the leg up, if you will, that some of the other countries have with their infrastructure in place gives them greater strength in an area that makes it harder for us to compete in in terms of moving goods, in terms of communication, in terms of workers, in terms of being able to attract and keep and maintain and retain workers.

Mr. EMERSON. The Department of Transportation says that roughly 3 percent of the Nation's passenger trips are made on public transit. I'm curious as to what you think, even if we increase transit funding significantly, what could we realistically expect in terms of raising the national rider statistic?

Mr. FRIED. It's quite speculative to guess what the response would be. I think what we know from public opinion research conducted by transit now that a substantial majority of Americans want an option other than driving by themselves in their car. There's a real desire for other choices. The point is that to the degree public transportation is available, dependable, safe, and attractive it becomes an option that can draw people out of driving by themselves. It's going to take resources to make that happen.

Miss BELLAMY. If I might use just two quick examples, if you take a look at what's happened now in the Los Angeles area, when the Blue Line came on. As I understand, they were estimating at this point they would have a ridership of approximately 7,000 or so a day and they're already talking about 20,000 just on the blue line. If you take a look at the Portland, Oregon light rail system you see there was some concern before it came on line what the ridership would be. Now I'm sure we can find a couple of instances in which the ridership has not generated that much enthusiasm. But if you take a look at some of the newer systems, and then indeed if you take a look at some of the older ones that have been going through a renovation over the last several years, as we begin to understand the importance of not only building new systems but maintaining and rehabilitating our existing systems, you see people coming back.

Finally, we see as well an increasing use of public transit by our aging population because they do not have a way to be able to get to, for example, the doctor's office. If we want to maintain our elderly or aging population in their homes rather than having them in institutions, here's another way in which it makes sense from an investment perspective.

Mr. EMERSON. I think there has to be a very intensive reeducation factor in there too. I think we are just so unused to an effective mass transit system that we don't even think about it. We don't even think about it. We don't even consider it in most places in the country. We've got a good one in San Jose. Keep it going.

Mr. FRIED. I was just going to agree with you. Older people who grew up in areas where there were trolleys, such as here in Washington, in Miami, Los Angeles—which is now rebuilding light rail

systems along the same right-of-way that the "red cars" used to use—have a different, more positive view of transit. Older people are predisposed to transit because of that. People of my generation particularly those from non-transit communities, too often think of transit as the way "they" get to where they need to go.

To get back to your first question about commuter travel patterns in other countries—anecdotally, I think the situation in Toronto is instructive. Toronto has recently built a large sports arena with substantial capacity of 50,000-plus. There are 1,000 parking spaces there. There is a direct metro station at the arena. There is an incentive to take transit. The cost of gasoline in real dollar terms, in the United States now is actually less than it was in the 1950s. That is an incentive to drive. Obviously, if you look at Europe and Japan, there is a disincentive to drive by virtue of a much greater cost of gasoline there. By contrast, the cost of public transportation in Europe and Japan is substantially more reasonable and there is an incentive there for people to recognize their own economic self-interest.

Mr. MINETA. Let me thank you, Mr. Fried and Mr. Heminger and Miss Bellamy, for your help. Without a doubt, Transit NOW really has come in to existence at a very opportune time, and I really appreciate the private sector push on this whole issue because it seems to me there are many, many areas in which we are not going to be able to add another lane of highway. We are going to have to do it by getting increased use of transit, getting that one occupant per car, elimination of that kind of an issue. I think our surveys have shown that people are willing to spend 50 percent more in cost and 30 percent more in time if public transit is safe, reliable, and convenient. I think on that score, given what we have done in terms of passing the Clean Air Act and Americans With Disabilities Act, we really are at a crossroads right now where we ought to be emphasizing this shift so that we can move more people and actually move more goods on the roads at the same time. I think it's an opportune time to do it. Transit NOW is really participating at a critical period and I appreciate very much the work that all of you are doing.

Thank you very, very much.

Mr. FRIED. Thank you, Mr. Chairman. We look forward to being of assistance to you.

[Mr. Fried's prepared statement appears on page 730.]

[Miss Bellamy's prepared statement appears on page 666.]

[Mr. Heminger's prepared statement appears on page 745.]

Mr. MINETA. At this time I'd like to call forward a panel made up of Peter Stangl, chairman of the Metropolitan Transportation Authority, State of New York; Alan F. Pegg, general manager of Southern California Rapid Transit District; and Constance Garber, president, Community Transportation Association of America and Transportation director of the York County Community Action Corporation in the great State of Maine.

Peter, would you like to start?

**TESTIMONY OF PETER STANGL, CHAIRMAN, METROPOLITAN TRANSPORTATION AUTHORITY, STATE OF NEW YORK; ALAN F. PEGG, GENERAL MANAGER, SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT; AND CONSTANCE GARBER, PRESIDENT, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA; TRANSPORTATION DIRECTOR, YORK COUNTY COMMUNITY ACTION CORP., ACCOMPANIED BY GEORGE RUCKER, RESEARCH AND POLICY DIRECTOR, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA**

Mr. STANGL. Thank you very much for inviting me here today. Let me first tell you a little bit about us. The MTA is best known as the operator of New York City's subways and buses. We also run the two largest commuter railroads in the country, the Long Island RailRoad and the Metro-North Commuter Railroad. We run nine toll-producing bridges and tunnels. Our 13 million person service area covers parts of two States, 14 counties and some 4,000 square miles. We are in essence a large, complex multi-modal transportation network. The common thread that holds our organization is that everything we do revolves around moving people efficiently—not just subway cars, not just buses or trains or cars, but people. That is what I think the Surface Transportation Act should be about, moving people.

Since World War II our love affair with the car has shaped our cities, our government policies, and our spending. Roads have been in and transit has been out. Washington is not really the only problem in this regard. All of us bought into the automobile lifestyle and the end result was to starve public transportation for funds. In New York, the affects of decades of neglect became painfully clear by the late seventies. With a system on the verge of collapse, in 1981 we laid out a long term strategic capital rebuilding program, the largest, I believe, non-Federal public works renewal project in the country's history. We knew this task would take several decades and cost many billions. Today, after nine years, we can see wholesale changes in our services in our infrastructure. Our strategy has wisely, I think, invested Federal dollars to improve transit services in our region; increase our regional and, as some were saying, our international competitiveness, which is very important to us; help clean our air, although we have a long way to go; and reduce our dependence on imported oil.

Eighty percent of our subway cars, ninety percent of our buses, just about all of our commuter rail cars are new or overhauled. Two-thirds of the track in our 700 mile subway system has been replaced. Subway cars now average 30,000 miles between failures; seven or eight years ago they averaged 7,500. In short, we have made a lot of progress and as a result one of the main products has improved and that is our ridership. It has grown significantly in our region over the past seven or eight years. These improvements simply would not have come about, Mr. Chairman, without Federal dollars. They have made up just about one-fourth of the $6 billion that we will invest between 1982 through the end of this calendar year. The fact is that our job is nowhere yet complete. I invite you and the members of your staff and your colleagues. I would love to

take people around the system and show not only what we've done but what remains to be done because there is an awful lot of work.

We also don't come before you today with a tin cup looking to Washington to solve all of our funding problems. We will continue to do our share and we will continue to put our money where our mouth is, but it's no secret we're down here to secure more money for our transit network. We think it's in our interest to do so and we also think it's in the national interest to do so and I'd like to tell you why.

When I first looked at the Administration's proposal, my attention was immediately drawn to its call for substantial funding increases for Highways of National Significance. My first reaction, frankly, was what about us? I submit to you that the MTA is a transit network of national significance, and in fact great national significance, and there have been people who have appeared before you who are also operating systems that are very important. We in New York carry about one-third of all the transit riders in the country at some six million per day. While we understand the need to maintain and improve our region's roads, we are concerned about the ratio of highway funding currently at five-to-one jumping to seven-to-one against transit by fiscal year 1996.

The Administration simply repackages the same highway dominant strategy. It focuses on moving cars, not people. This, despite obvious trends that cry out for a new course of action, and I won't repeat them to you. We've talked about dependence on foreign oil. We've talked about traffic congestion. We've talked about the environment and all of those trends. They all seem to be in the wrong direction. Yet we still pursue the traditional highway solution to problems. Federal policy has fostered the disparity between highways and transit by increasing Federal highway aid while cutting transit aid. Since 1981, highway funding has risen 60 percent while transit has dropped by 30 percent, and that's before inflation. Special tax treatment for automobile allows tax free parking subsidies while transit riders are limited to $15 per month. My colleague from the previous panel pointed out that legislation is in to raise that to $60. That will be helpful. That will become an important marketing tool for us with the business community as well. So we think that's important.

The Administration's proposal does have a few short-term positives for us, but it's underlying principals I think are not good. In fact, it may be disastrous for all public transit providers and customers in the long term. I won't rehash what you have heard from others about the funding details of the UMTA program except to say that while transit dollars remain flat, highway funding soars by 40 percent. And I keep asking why. What little increase in transit capital funding there is comes at the expense of operating assistance and by rolling discretionary money into the formula program. Rather than provide new monies to cover the cost of the Americans with Disabilities Act and the Clean Air Act, it robs Peter to pay Paul by lifting $50 million of the existing funds for such purposes.

Eliminating operating assistance for cities over 1 million means, as you heard from the Mayor this morning, a $93 million cut for the MTA. This at a time when we, along with others, are trying to

cope with growing operating deficits caused, in part, by national recession, ridership declines and shortfalls in dedicated State subsidies. In short, don't eliminate operating assistance.

The proposal also substantially reduces Federal transit matching shares. Highways fare much better. State planners could be forced, I think I recall Congressmen Roe commenting on this this morning, planners could be forced to choose highway dollars over transit simply because they get more money that way. One of the more astounding suggestions in the proposal is the one that rewards higher gas consumption by sending more highway dollars. This would be silly if it weren't also so harmful. And it's particularly bad for New York, my State, the most energy efficient State.

Also, one of the bill's slickest concepts is funding flexibility. This is a difficult thing for me to say because the concept of flexibility sounds great. But as defined in this proposal, it abuses a concept that we and APTA have promoted. All of a State's Federal transit funds can be used on highway projects but only 30 percent of the highway funds can go to transit. We think that's unfair. We support flexible funding, but only after basic transit reinvestment needs are addressed and $3.3 billion only gets us half way there. When we reach an UMTA program level of roughly in the neighborhood that you and the Chairman have proposed, $6.7 billion, then let's talk flexibility. Let's get our basic needs taken care of.

Eliminating General Fund support for transit and switching the funding source to the mass transit account is similar to a shell game. I see that shell game occasionally on Fifth avenue. There is a guy standing up there with the shells and there is never anything under those shells when the people pick it up. That's what's going to happen here. We need to be concerned about that. While we believe in drawing down trust fund balances, we think that its coffers need constant and more substantial replenishment and General Fund support should be continued at least at current levels. If just these steps were taken, the UMTA program could easily be increased to $5.5 billion for fiscal 1992. We'd love to see the $6.7 billion in fiscal year 1992 that Chairman Roe requested from the House Budget Committee last month. This, as I said, gets to approximately the amount that APTA and the Transit 2000 study group identified as being the minimum needed to address current needs nationwide.

But we will never get to that level if we allow, as the proposal suggests, the new nickel per gallon gasoline tax, including the one-half cent for transit, to lapse in fiscal year 1995, one year before this reauthorization bill expires. Is it the intent to save automobile drivers one nickel for each gallon of gasoline? We already have the lowest gas tax by far in the industrialized world. The gas tax, the nickel should stay in affect for the full five years of the reauthorization period and beyond. And in fact, it should be broadened to provide additional revenues for the transit account. How? Well we could start by returning the two and one-half cents that was diverted from the Trust Fund for deficit reduction. That would be a good start. In addition, another nickel per gallon tax would hardly be noticed at the pump. We won't notice it the next time that prices are driven up as a result of some action in the Middle East.

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The one positive aspect of the Administration proposal is that it reauthorizes the Interstate Transfer program at $160 million for the next two fiscal years. We were promised monies from this program in 1985 and we're pleased to see that commitment reaffirmed.

Let me make one final comment, Mr. Chairman, about what I think is an important symbol or message. The Administration proposal drops the word "urban" from UMTA's name. I understand that both UMTA and DOD suggested Federal Mass Transit Administration in line with other DOT agencies such as the Federal Highway Administration, the Federal Aviation Administration, the Federal Railroad Administration. The Administration may have felt that the word "Federal" implied too permanent a role in transit funding and deemed it inappropriate. Speaking on behalf of a transit system of national significance, an ongoing Federal role is not only appropriate, it's essential. We continue to need a Federal mass transit administration that will promote transit as an equal partner in reaching the goals of the national transportation policy.

Finally, let me say that I'm not suggesting that the reauthorization bill ignore other valid transportation needs, but I urge you to craft a bill that balances those needs with those of public transit and one that recognizes transit's vital contribution to obtaining national energy, economic, and environmental goals, and most of all, Mr. Chairman, the goal of moving people. We need your help.

Thank you very much.

Mr. MINETA. Thank you very much. Mr. Pegg.

Mr. PEGG. My name is Alan Pegg. I'm the general manager of the Southern California Rapid Transit District. Chairman Mineta, Congressmen Shuster, members of the subcommittee, it is truly a pleasure to testify before you today.

The reauthorization of the Surface Transportation Assistance Act provides the Congress with the opportunity to set the agenda for transit for the next five years. The Surface Transportation Subcommittee and the entire Public Works and Transportation Committee have shown through the recent proposal on transportation funding levels that you are committed to improving the transportation system of this country with mass transit as a major entity in that improvement.

I'm here to testify about the effects of the Clean Air Act, in particular, on mass transit systems. Every member of the subcommittee has received a copy of a study conducted by the SCRTD on the cost impacts of alternative fuels. A copy of the survey has been presented to the subcommittee to be entered into the record as attachment two. This survey encompassed 18 of the Nation's largest transit districts who collectively operate 22,000 of the 39,000 buses that will be impacted by the Clean Air Act. The results of the survey give us a clearer picture of the costs we face to implement the Act on the Nation's streets. Those cost figures appear on pages four, five and six of attachment two. In general, with regard to those costs, we know that it will cost an average of $190,000 today to purchase one diesel bus. The cost will increase by 7 percent to modify that bus for a particular trap. Add 25 percent for methanol and add 33 percent for every CMG bus. That's a range up to $254,000 per vehicle for compressed natural gas. To replace all 39 thousand

buses in the Nation's transit fleet affected by the Clean Air Act Amendments, the costs will range from $8 billion for particular traps to $9.9 billion for CMG.

Fuel costs. The survey also gives us an idea of the fuel costs of the new technologies. Extrapolated to the estimated 1 billion miles traveled each year by the Nation's fleet, the costs are estimated at $185 million for diesel, $228 million for particular trap, $240 million for CMG and $536 million for methanol. These estimates will be refined as more experience is gained and may also be influenced by market conditions and public policy decisions. Cost estimates for new fueling facilities vary widely depending on municipal codes, environmental regulations, and land acquisition requirements and prices. No national conclusions can be drawn at this point. However, new Federal regulations for underground fuel storage tanks will require significant expenditure of capital funds over the next eight years for all transit properties. For example, existing fuel storage at SCRTD will have to be either replaced or modified to meet these new fuel tank regulations. These costs are estimated to be $1 million per location or approximately $12 million for SCRTD's 12 operating locations.

Based on this information, the SCRTD estimates that it will cost approximately 15 percent more, or $1.05 to $1.15 million per new methanol facility, and a new CMG fueling station will be in the range of 313 percent more or $1.5 to $3.5 million. Reauthorization must contain a guaranteed continuation of operating assistance to the urban areas over 1 million people. These are the areas where the battles of congestion, clean air and accessibility will be hardest fought. Federal assistance is absolutely essential if we are to win this battle. As an example, removing operating assistance from our system would translate into an approximate 25 to 50 cent fare increase and would force a portion of our riders to other modes. If those people went to automobiles at the average occupancy ratio existing today, 3,000 tons of more pollutants would be created, a clear move in the wrong direction by the thrust of the administration proposal.

If operators are to meet the goals of the Clean Air Act as mandated by Congress, then I would strongly urge that language be approved in the reauthorization act that would make additional Federal funds available to offset the incremental cost of meeting the new clean air standards. While we cannot quantify those additional costs today for all transit operators, we at SCRTD know with a growing certainty that they will be significant and we know too from past experience that placing additional burden on the fare box will do precisely what we don't want to do.

Thank you very much for this opportunity to testify.

Mr. MINETA. Thank you very much, Mr. Pegg.

Ms. GARBER. Chairman Mineta, members of the subcommittee, my name is Connie Garber. I'm the transportation director for York County Community Action, Southern Maine. I also have the honor of serving as president of the Community Transportation Association of America. I am accompanied today by Dr. George Rucker, who is CTS's Research and Policy Director.

York County's transportation program, which serves an area of about 1,000 square miles with 18 vehicles, provides about 100,000

trips per year using about 20 different funding sources. Just like many others around the country, we're facing a critical juncture in the provision of community transportation. There are two opposing forces at work. On the demand side, we are seeing phenomenal increases in the number of elderly who cannot drive, the number of physically handicapped, mentally retarded who are being mainstreamed, and those looking for access to training and jobs, and growing numbers of unemployed and working poor without any personal means of transportation.

On the supply side we see the Federal and State Governments either level funding or decreasing their support for transportation services. This is usually in conjunction with more specific contractual targeting of the remaining available dollars most at risk, leaving unserved those not yet in a crisis situation. I know that these problems are not unique to Maine. CTAA's membership of approximately 500 rural, small urban, and specialized transportation agencies raise these issues across the country.

I particularly appreciate the opportunity to appear before you today since it allows me to highlight H.R. 1079, the Mobility Assistance Act of 1991. This is currently sponsored by 30 representatives, including 12 members of this subcommittee. CTAA believes that this is a much needed initiative which provides Congress with the opportunity to make some substantive changes in Federal transit policy and address the demand versus supply issue I've just mentioned. Our whole-hearted support goes to all of the bill's co-sponsors and particularly to Congressman Rahall for his leadership in this effort. CTAA urges you as strongly as we can to make all of the provisions of H.R. 1079 part of the final bill which you send to the full House of Representatives for action.

The most critical issue facing community transportation providers is adequate funding. The Mobility Assistance Act would increase the share of Federal transit assistance going to non-urbanized areas to 7.5 percent. I know that this morning Congressman Roe admonished us all not to deal with percentages but to look at the total transportation system and what we need to do to provide services to people. Yet the historic inequity where current legislation allocating 2.93 percent of formula funds, even including some additional dollars that have been allocated in the appropriation process of recent years, we are still looking at inadequate funding compared to approximately 36 percent of the total population living in areas receiving this minimal level of funding.

These percentages were first written into law at a time when the Section 18 program was less than four years old. No one had a very good fix on what the real level of need was. The initial funding was $75 million. This year, the funding level is $65.4 million for a 13 percent cut in current dollars. Despite this downward funding trend, the network of Section 18 agencies has roughly doubled in the past decade and the number of trips provided has nearly tripled. This was possible because of three things. First, the initial backlog of funding from the start-up years. Second, the availability of transfer funds from the Section 9 program. These two factors allowed actual expenditures in Section 18, between 1985 and 1989, to run 42 percent above the level of appropriation, offsetting to some extent the rising cost and declining appropriations and making it

clear that more Section 18 funding was badly needed. But the carry-over funds have been used up and the opportunity to obtain transfers is declining. The third factor was the postponing of needed capital investment in order to meet growing operating costs. The Section 18 network utilizes over 10,000 vehicles, yet UMTA statistics show that the program is replacing only about one-third of the vehicles yearly that it should be replacing. This means systems must operate with overage vehicles, higher costs, lower reliability and less safety.

The status of rural transit today is grim. Major geographic areas remain unserved and the service that does exist is stretched thin. More than 35 percent of the Nation's non-metropolitan residents live in counties that remain completely unserved by any Section 18 operator. For example, in West Virginia, as Mr. Rahall has pointed out, 56 percent of the rural counties are unserved. In Arkansas, more than two-thirds of the rural counties are unserved. Ohio and Pennsylvania, same story, 56 percent of counties unserved. North Carolina, 61 percent, and Virginia, 72 percent. In assessing rural transit need, we should consider some of the demographics. Section 18 providers report that 39 percent of their riders are elderly. A disproportionate share of the poor are found in rural areas. Section 18 providers estimate that more than 5 percent of their riders use a wheelchair or other mobility device.

The Mobility Assistance Act reflects a conservative set of funding proposals. A funding level of from $140 to $150 million is needed just to maintain the current Section 18 program and, as was eloquently pointed out, maintaining the current program assumes status quo in terms of where this county is and that certainly is not the case. It would take 1.5 to 2 times that level to extend those still minimal services to unserved areas or to restore the program's funding and service level to that available five years ago. That would still leave the mobility resources available to rural people only a fraction of those available to their urban counterparts.

I'd like to briefly discuss two final aspects of the Mobility Assistance Act. One is the Mobility Assistance Program which would earmark a share of the mass transit account funds to help meet the cost of complying with the Americans With Disabilities Act. This does not represent a proposal to put a price tag on the cost of ADA. It reflects a recognition that ADA mandates have to be met and that they will pose some additional cost. It seems appropriate that Federal transit programs share a portion of this increased cost.

The Mobility Assistance Program has another important objective, encouraging and assisting the development and implementation of coordinated transportation arrangements which can increase the effective use of all Federal Transit investments, including those made in connection with social service programs. We heard this morning from Congressman Tom Downey from New York that if Title 3 of the Older Americans Act were tied in with Section 16(b)(2) of the UMTA Act, more could be generated in terms of efficiency and effectiveness. I'd like to offer that there are a lot of opportunities available within the Federal bureaucracy for that kind of coordination, again, looking at transportation as a system rather than isolating one component from the other.

Another pressure on rural mobility comes from the more than 4,000 American communities that have lost intercity bus service in the last 10 years. The State Initiative Block Grant in H.R. 1079 represents a proposal that, as Federal transit funding rises in the years ahead, a modest share of the increase could be set aside as a source of flexible funding. There's my use of the word flexible. I think it's a little different to enable the States to react to pressures like that posed by the decline of intercity bus services and to prevent further isolation of rural America.

Finally, just a closing comment on the Administration's proposal to make highway and transit funds more flexible. I think we've heard from a lot of the people testifying today about the problems with flexibility, particularly Miss Vicki Shaffer when she talked about the issues in her area. I wanted to just add that there is a good purpose for Metropolitan Planning Organizations. They have the ability to bring local priorities to the forefront. However, MPO's do not exist outside of metropolitan areas. Mass transportation does. If you follow through on the Administration's proposal to allow MPO's to make decisions, you are basically leaving the rural areas out of the equation. We have no one advocating for transit rights without any MPO structure in place.

This concludes my statement. Again, on behalf of rural, small urban, and specialized operators, I would urge you to make major provisions of the Mobility Assistance Act a part of the Surface Transportation Act of 1991. Thank you for your time.

Mr. MINETA. Thank you very much, Connie, for your fine statement.

Mr. Stangl, you come with a great deal of experience from having been with Metro North where everyone was knowledgeable of your fine work, so I want to congratulate you on your recent confirmation at MTA, New York. I'm wondering do you have any specific ideas regarding how the subcommittee might reward those urbanized areas which currently have significant transit ridership or significantly increase their transit ridership and would otherwise be penalized under the Administration's highway funding allocation formula?

Mr. STANGL. I think that one of the things that I did mention, and I said it was difficult for me to do that, was to speak against flexibility at this point. The reason is that I think that the money levels are so low that I get very uncomfortable with the idea that the scarce transit dollars that we're getting now could be reduced by having those used for highway purposes. That is one thing that I think would be helpful. The other thing, and as I keep thinking about this and I keep thinking about the formulas. I can't escape coming back to, and this won't surprise you, more money. The reason is very simple. The more money we have, the less we have to fight with each other, the more it brings us together to what I think is a common goal. I know that the latter is an obvious one but that really does go a long towards solving some of the problems that this bill presents.

Mr. MINETA. Should there be any Federal transit funding on an incentive basis perhaps as an alternative to the existing bus and rail incentive which have been proposed to be dropped by the Administration?

Mr. STANGL. Some of that might be helpful. Some of that might relate, for example, to the percentage of costs that are covered by the fare box. Some of that might be related to how we're doing on ridership. Clearly one of our goals ought to be to increase the number of people that we are carrying, get them out of the automobile, and have a positive affect on all of these motherhood issues that we all agree on whether it's congestion, which costs an enormous amount of money, whether its productivity, whether it's clean air. We're a non-attainment area. We haven't been close to achieving our environmental goals since the 1970 act. Those are some examples of things that I sure would like us to try hard to respond to. It so happened that we have a fairly high recovery ratio in New York on the amount of cost that we cover out of the fare box. I think that that might be good for us.

Mr. MINETA. Thank you. I'd like to commend the Southern California Rapid Transit District on putting together the cost impacts of the 1990 Clean Air Act. Are you aware of any study along this line that's been done by UMTA?

Mr. PEGG. We have done a portion of the projects under UMTA funding and have submitted that data to UMTA. I believe that UMTA has supplemented that data by work with other transit properties, yes.

Mr. MINETA. Now I understand that the SCRTD is also exploring the electrifying of a portion of it's fleet. How would the cost of converting to an alternated fueled bus fleet compare to the cost of electrifying SCRTD?

Mr. PEGG. We are in the midpoint of a preliminary study on electrification and our current indication is that with longer lived electric vehicles generate an electric bus can be expected to run 18 years instead of the 12 that we see from a diesel bus. And that with some operating improvements, the long term costs of electric vehicles and alternately fueled vehicles are very similar. At this point we have not finalized the cost study of electric vehicles. We would expect to be wrapping that up this summer.

Mr. MINETA. Miss Garber, in your testimony you state that the Section 18 program is in a capital crisis because transit vehicles are not being replaced when they should be due to the demand on bus replacement funds by current operating costs. Should this subcommittee reduce the amount of Section 18 funds available for operating expenses in order to bring more local operating funds into the program; thereby, more closely balance the capital and operating aspects of section 18? On the other hand, if Section 18 funding is increased, how would this increased funding be allocated between operating and capital expenditures by rural transit operators.

Ms. GARBER. The Section 18 program has had a relatively small percentage of it historically going to capital purposes. I think in 1989, 80 percent of Section 18 funds went to operating costs. Two years earlier, it had been a little bit lower down at 69 percent of the funds going for operating. I know in the State of Maine, almost 100 percent of the section 18 dollars go for operating costs. The reason for that is that it is for many of the operators the only public, non-dedicated funds that we have available to cover operating costs.

In terms of capital replacement, and looking at a way to leverage additional local funds to generate the dollars needed to make that capital investment, I don't think, particularly in non-urbanized areas, that there is an ability to leverage much more in the way of local funds. In attending the New England tradition of town meetings lately, which is always an experience, what you hear in every town is about the crunch being felt at the local level as property taxes rise, and school budgets go up, municipal services, in terms of fire and police, have increased costs, and there are less and less available dollars. In fact, in the town of Sanford, I'm currently discussing with the board of selectmen just this issue. We're talking about a difference of $3,000 that we need for operating costs for a one bus system in the town. Three thousand dollars doesn't amount to a hill of beans in terms of some of the dollars you've had discussed before you today, but for the town of Sanford, it will make the difference between either having a bus on the road or not. There just are not the local dollars in local areas to be set aside for the capital match beyond what is now available. I would say that an increase in Section 18 dollars is the only way that we are going to free up other dollars to allow local, rural, and specialized operators to replace their aging fleets.

Mr. MINETA. As I understand it, under H.R. 1079, which is Mr. Rahall's bill, a significant new funding source would be provided to the inter-city bus industry from the mass transit account funds. Wouldn't increased funding for inter-city bus service conflict with the need to increase service within the rural areas surrounding small towns across the country?

Ms. GARBER. In fact, I think they're highly complimentary. I think in rural areas, particularly over the last couple of decades, you've seen more and more regionalization of services: hospitals, health care, a variety of employment and shopping centers have been set up regionally. The intercity bus service in rural areas is there to help meet that kind of a need. I don't think that there is any way that additional dollars would wind up being conflicting between small, rural operations that are trying to serve the in-town, the intra-town trips as opposed to the intercity trips that those buses would be available to serve.

Mr. MINETA. Very well.

Mr. Riggs.

Mr. RIGGS. Thank you, Mr. Chairman.

I want to thank the witnesses and I want to ask Mr. Stangl, that's a famous name in New York, do you spell it the same way? Are you related in any way to——

Mr. STANGL. No, but I have been very interested in building a commuter rail station at Yankee Stadium for the last few years and we're waiting for the Yankees to sign a long term lease with the city, and I'm a diehard Yankee fan if that means anything.

Mr. RIGGS. That sounds very prudent. They have the elevated subway there behind center field. Mr. Stangl, I want to get clear in terms of your personal viewpoint given your substantial professional expertise in this area. Are you opposed to the concept of flexibility if it would give more power to local transit planning authorities?

Mr. STANGL. No, generally I love the idea. I think that getting the right people to sit at the table to solve problems, whether they have to do with clean air or movements of people, movements of goods, is exactly the right thing to do. What I'm concerned about is that the level of funding is so low that there's nothing to be flexible about. That's my real concern. The idea of getting the decision-making at the local level is a terrific one but lets hold it off until there is enough money so that there is enough so that we're not squabbling. If you can't hold it off until then, let's at least level the playing field and get these cost sharing ratios back into balance.

Mr. RIGGS. Thank you. The problem is I guess I don't know when that day comes, when there is enough funding.

Mr. Pegg, this may not apply down in Southern California, but it certainly does up our way in Northern California. There seems to be a duplication of bus service where you have particularly in my neck of the woods, Sonoma County, you have a special district bus service, the Golden Gate District Bus Service, you have a regional or intracounty bus service, and a local bus service serving the same routes in many cases. Is there a real opportunity here for streamlining and consolidation to reduce the ultimate cost of bus service while at the same time maintaining the same levels of bus service?

Mr. PEGG. Well, if in fact you're talking about a situation such as you described, I'd have to conclude that there might be. In southern California we have only some very small route segments where there are duplicate services and generally we're looking at boarding ratios on the range of 60 passengers per hour. So you're looking at buses which are by any definition overcrowded. I think it depends very much on individual circumstances as to whether a consolidation organization really produces the kind of efficiency you're looking for. If there is capacity, then there is a realistic possibility. Without excess capacity, it's hard to see a big gain.

Mr. RIGGS. Thank you. Miss Garber, we hear a lot about unmet rural transit needs and I'm wondering if the time has come to create some baseline data, a database that could be used to really determine how severe that need is and whether that would be a worthwhile project for UMTA to pursue.

Ms. GARBER. That's a classic enigma I think in terms of all of the discussions that's been going on for years. I know that, I believe it was two years ago, that Congresswoman Olympia Snowe from Maine attempted to get a provision included to look at the numbers of elderly that were being served, the dollars going into just elderly transportation because each of these pieces is being treated at the Federal level as a distinct funding program. The big picture is very much unknown. I'm not sure whether or not a project undertaken by UMTA, unless it was given broad direction by this group or some other group, would wind up including all of the people that we see in our rural area as unserved.

A comment that was made earlier regarding provision of service to handicapped individuals, was that after a new service was provided, all of a sudden individuals who said they were not in need of service came forward and lo and behold they wanted the service. How do you define that group of individuals? If they've never had a service available to them, they've never come forward and said that they needed it, how do you designate them as an unmet need?

I think there are some data that are being compiled right now. CTAA is putting together some information under a contract with Health and Human Services to take a look at some of the programs such as Head Start, Medicaid and Title 3 of Older Americans Act. The service is being provided through those funding sources but I think it would be very worthwhile to have a better handle on who we need to serve.

Mr. RIGGS. Thank you. Thank you, Mr. Chairman.

Mr. MINETA. Mr. Rahall?

Mr. RAHALL. Thank you Mr. Chairman.

Let me ask you first Mr. Stangl. As I understand your concerns with the flexibility approach is that there is not enough money to really be worried about being flexible. Is that correct?

Mr. STANGL. Yes. With a transit amount of $3.3 billion if you look at the needs across the country, it doesn't come close to even helping us stay even. So to have any of those funds transfer to highway purposes strikes me as inappropriate right now. So I think that if you can get the funding level up, flexibility becomes something that is worthwhile, and I find it's difficult to say, I want you to know, Congressman, because the idea of having flexibility and having people make those tough decisions after looking at everything is one that I like.

Mr. RAHALL. If the funding is there——

Mr. STANGL. I've got a number, yes.

Mr. RAHALL. You say there still should be that flexibility, and the concerns of the small and urban areas then that they're going to lose out to highways is not a valid concern.

Mr. STANGL. I'm sorry. I'm not sure I——

Mr. RAHALL. What about the concern of the small rural areas? If there is that flexibility allowed to the States, that a governor's going to make a decision to go with the highway over a transit need.

Mr. STANGL. That's a concern, yes.

Mr. RAHALL. But you still favor that flexibility?

Mr. STANGL. I favor flexibility in the long term if the funding level is high enough, yes I do.

Mr. RAHALL. Let me ask you Miss Garber, and I understand you're accompanied by George Rucker today who first came to visit me last fall on the Mobility Assistance Act. Now you have mentioned in your testimony that operating per passenger mile went up 31 percent between 1985 and 1990. Is that correct?

Ms. GARBER. Right.

Mr. RAHALL. What are some of these costs to which you refer and how do they compare to costs in urban transit?

Ms. GARBER. Our operating costs. Particularly, the areas that rose in that time period had to do with traditional fringe benefit costs, workers compensation, health insurance, cost of fuel, cost of repairs. York County Community Action was looking at a cost of about 52 cents per passenger mile in 1989. According to Section 15 data collected by UMTA for that same year, they were looking at a cost of 41 cents per passenger mile for urban transit. I would say that we compare favorably.

Mr. RAHALL. Okay. You indicated that in the last half of the 1980's Section 18 expenditures were running substantially above

the appropriated level, thanks to carry-over funds and transfers Section 9. What was the peak expenditure for Section 18 program? When was it?

Ms. GARBER. The Section 18 program has definitely gone through a kind of roller coaster; 1984 was the highest level of obligation and that was $116 million. If you put it in today's dollars in terms of inflation that would be the equivalent of $154 million.

Mr. RAHALL. As you know, there's not been any sort of cap placed on operating assistance in the Section 18 program, although the Administration is now recommending that we institute one. Could you tell us how important operating assistance is in the Section 18 program?

Ms. GARBER. We have, as I said in the beginning of my testimony, a situation in York County where we coordinate 20 different funding sources, and yet a lot of the dollars that we're looking at are ones that are dedicated; they're under contract services for the elderly, services through Medicaid, services for the developmentally disabled. I think that the amount of money that we're looking at in Section 18 is a critical portion of the operating budget. I had mentioned that nationally 80 percent of Section 18 funds are being used for operations as a source for community action. It's a very small percentage of our operating costs. It does not come close to covering the 50 percent allowable level for Section 18 operating assistance.

Mr. RAHALL. Mr. Stangl or Mr. Pegg, would you wish to comment on that?

Mr. PEGG. Frankly, the Section 18 program is not one that applies in our urban area.

Mr. RAHALL. Okay. In your statement, Connie, going back to your testimony, you indicated that your UMTA funding has been cut in recent years and the social service funding has had to make up the difference. Could you indicate the relative importance of UMTA and other Federal funding to the budget's rural transit operator?

Ms. GARBER. I would say that it may be a relatively small dollar amount in my budget. I think that in terms of the national data, as I said, you have a maximum of 50 percent of an operating budget, but we're looking at most rural system having about 30 percent of their operating costs covered by Section 18. In my system it's closer to about 7 percent. The reason is it is as low as it is for my system is that we have a tremendous amount of Medicaid dollars which skews the percentages. We do a tremendous number of Medicaid trips.

Mr. RAHALL. Thank you. I have no further questions, Mr. Chairman. I do just want to commend Connie and the Community Transportation Association for the valuable input they've provided to me in drafting the Mobility Assistance Act. Thank you.

Ms. GARBER. Thank you.

Mr. MINETA. If there be no further questions, let me thank you again very much for your presentation here today.

[Mr. Stangl's prepared statement appears on page 959.]

[Mr. Pegg's prepared statement appears on page 909.]

[Miss Garber's prepared statement appears on page 735.]

Mr. MINETA. At this time I would now like to call on our colleague from Pennsylvania, from the 8th District, Mr Peter H. Kostmayer.

Congressman Kostmayer.

**TESTIMONY OF HON. PETER H. KOSTMAYER, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA, ACCOMPANIED BY MIKE BURKE, SENIOR ASSISTANT**

Mr. KOSTMAYER. Thank you, Mr. Chairman, very much, and I appreciate being permitted to be here this afternoon. I see my colleague, Congressman Schulze is here. Both Congressman Schulze and I unhappily have been to Pittsburgh this morning for the funeral for our senior Senator of the delegation there, so I know I speak for him when I express our mutual gratitude for coming in this afternoon. I know you've been here since early this morning and I won't take a very long time.

Mr. Chairman, if you picture a map of southeastern Pennsylvania, this is the city of Philadelphia right down here, and these are the Philadelphia suburbs. This is my district north of the city. This is Congressman Coughlin's district, Congressman Weldon's district is here, and this is Congressman Schulze's district out here. We are the four suburban Congressmen surrounding the city of Philadelphia.

This is the proposal I am here to talk about. This is a 53 mile line track which essentially would go from the New Jersey-Pennsylvania border, which is the Delaware River right over here, all the way down into Congressman Schulze's district. Now there is an existing track there now. This in not a brand new proposal. There is an existing Conrail track now that exists but it's simply rotting. There's nothing going on with it. What we'd like to do is spend about $100 million dollars, $75 million from the Federal Government and $25 million from the State Government to reconstruct that rail line. Most of it's still in pretty good shape to buy some rolling stock and hire some people to create a commuter here in the Philadelphia suburbs. Sixty percent of all of the commuting which takes place in southeastern Pennsylvania now takes place in the Philadelphia suburbs. There are fewer and fewer people going to work in the city and more and more people going to work who live in places like Morrisville, in my District over here, to King of Prussia, in Congressman Schulze's district. There is a tremendous need for that and this will take literally hundreds of thousands of cars off the highway. It's relatively cheap for $100 million. If you had to build a new start-up rail line of a highway of 53 miles here, it obviously would cost you a good deal more that $100 million.

In addition people who, for example live here in King of Prussia, who want to get to the city, generally drive now. If this were here they could hop on the train, take it up to this stop, and there's a line there going into the city. That takes place all over this part of State, so you're getting lots of people off the roads that way.

We think it's a very, very good proposal. We think it's very modest. It's enormously popular. It's supported in the area by all of our delegation, both parties.

This here, for example, I'll say one word about, is the area of Exton, Pennsylvania and route 30 which goes through Exton is very, very highly congested. A bypass is needed desperately there. Congressman Schulze is going to speak about that. Not only is a bypass needed, but if we can get people off the highway and get them onto this rail line, that would be very, very helpful.

The final thing I could say, Mr. Chairman, is that this whole system, SEPTA [Southeastern Pennsylvania Transit Authority) is in trouble. If we can begin to serve not only the folks downtown, but the folks out in the suburbs as well, I think we can create a relationship between people in the city and people in the suburban communities and make them both increasingly dependent on mass transportation. So we think it's a very good proposal.

I appreciate the opportunity to testify at this late hour, I know how weary you must be of putting up with this testimony while I'm here, and I hope that the Committee can support this. And I can certainly say that Mr. Schulze and I are going to support the Committee and everything it does when this bill comes to the floor. Amen.

Mr. MINETA. Thank you very much, Mr. Kostmayer. In your statement you say the concept of the cross-county metro is new to the Philadelphia area. What is it about the concept that is new?

Mr. KOSTMAYER. Well really what's new is that it's entirely within the suburbs. There really has been no system which operates entirely within the suburbs. This set the system like most mass transportation systems around the country has generally carried downtown to work and back home at night. This is intra-suburban. As I've said, more than 60 percent of all the commuting which takes place in the Philadelphia area now takes place exclusively within the suburbs and this would serve the majority of the people who live in southeastern Pennsylvania. In that sense, I'm told by transportation experts, that it would be the first system of that kind.

Mr. MINETA. You say the total cost is of about $100 million of which $75 million you're requesting of Federal funds.

Mr. KOSTMAYER. That's right, Mr. Chairman.

Mr. MINETA. How does SEPTA and the Department of Transportation anticipate proposing to fund the remaining cost to complete the project?

Mr. KOSTMAYER. The total cost remaining $25 million, ultimately inexpensive, $75 million would come from you, Mr. Chairman. The remaining portion would come from the State and from the localities. The four counties, Bucks, Montgomery, Delaware, and Chester would put up a portion of that $25 million and the Commonwealth of Pennsylvania would put up the rest. I met with Lou Giambicini, the head of SEPTA a couple of weeks ago. We talked about this. I think it's fair to say he was very excited and very supportive. They want to do this. This helps to sustain their system. This creates new business and new customers and new ridership and new revenue for a system is a deteriorating urban in lots of trouble. This is good news for SEPTA and it's very helpful to them and they want to be a part of it.

Mr. MINETA. Is the cross-county's metro part of SEPTA?

Mr. KOSTMAYER. It would be run by SEPTA, which runs all the commuter lines now going in and out of the city. All of these lines here are linked up. For example, all of these little towns, Chairman, you wouldn't necessarily be familiar with, would link up and we could get on the cross-county metro and then move into suburbs.

Mr. MINETA. Are the heavy black lines there what?

Mr. KOSTMAYER. Existing rail lines now. Existing SEPTA rail lines now. For example, if someone lives here in Newtown, they take the train all the way down here to work in Philadelphia—but fewer and fewer people who live in Newtown are working in Philadelphia, they're working in King of Prussia and they're now driving on the Pennsylvania Turnpike. Instead, they would come down here and take the train to King of Prussia. As I said 60 percent of the people that are commuting are now commuting that way rather than downtown and back home again.

Mr. MINETA. Thank you.

Mr. Riggs?

Mr. RIGGS. Mr. Kostmayer, how are you, sir? At the risk of getting into some sacred cows, I just want to make clear for my own edification, are we talking about a demonstration project here?

Mr. KOSTMAYER. Mr. Riggs, you can call it whatever you want. We are thinking of calling it the Norman Mineta Rail line.

Mr. RIGGS. A little far from home, though.

Mr. KOSTMAYER. This could be the Rahall Section right here. But you can call it whatever you want Mr. Riggs. We could name this small section the Riggs section right down here in Mr. Schulze's district.

Mr. RIGGS. Now this is an existing line.

Mr. KOSTMAYER. There's a Conrail freight line. Its called the Trenton bypass. In other words, it's always been for freight to move to Trenton, New Jersey right here on this Jersey side of the Delaware River around Philadelphia so it doesn't have to go through Philadelphia. If there's freight going from here to Harrisburg and west, instead of going through the city the Conrail line has taken it this way. The line is there. It's actually in pretty good shape. The smallest amount of this $75 million would be used to repair existing track. Most of it would be used to buy the rail cars and to hire people to drive the trains.

Mr. RIGGS. Would it continue to carry freight traffic?

Mr. KOSTMAYER. No, it would not carry freight traffic. That's why its not being used, it's not being used for freight traffic anymore. It's simply rotting.

Mr. RIGGS. Is there an actual legal agreement in place that has been worked out that would provide for the conversion?

Mr. KOSTMAYER. The answer to the question is no, but Conrail has indicated to us that they are prepared to sell it for a relatively modest price to SEPTA.

Mr. RIGGS. That figure is roughly in the $100 million——

Mr. KOSTMAYER. That is part of the $100 million.

Mr. RIGGS. In terms of a State-local match, you are saying that you are confident that the $25 million would be forthcoming from the Commonwealth and the local community served.

Mr. KOSTMAYER. That's right, and the four counties would put up a share and the Commonwealth would put a share of that 25 percent. I don't know exactly what the split is.

Mr. RIGGS. I see, and I want to get this clear one more time. The $100 million would in fact be sufficient funds to bring this service on-line. In other words, it would include an operating administrative component.

Mr. KOSTMAYER. Yes, we think that at the most we can have this operating and moving people by time this authorization expires in five years or sooner. See a lot of the work is already done. The track is there, the lands been acquired, that's why its so cheap, so very, very cheap, Mr. Riggs.

Mr. RIGGS. As demonstration projects go, it seems to be very cheap, thank you.

Mr. KOSTMAYER. Thank you, Mr. Riggs.

Mr. RAHALL. I have no question Mr. Chairman. Just to say to Mr. Kostmayer and Mr. Schulze that since we already have their commitments to support this bill on the floor, Mr. Chairman, and looking at the manner in which they delivered on the Philadelphia dockyards, this is a worthy project.

Mr. KOSTMAYER. Well, Mr. Schulze and I also wanted to mention to you that Congressman Murtha supports this very strongly.

Mr. RAHALL. Then we can fund it under the Defense Appropriations Committee.

Mr. KOSTMAYER. Thank you very much, Mr. Chairman, for allowing me to testify.

[Mr. Kostmayer's prepared statement follows:]

Statement of

THE HONORABLE PETER H. KOSTMAYER

before the

House Committee on Public Works and Transportation

Subcommittee on Surface Transportation

April 10, 1991

Mr. Chairman, I appreciate the opportunity to testify before you and the other members of the Subcommittee on the reauthorization of our nation's surface transportation programs.

As the Subcommittee begins planning for the nation's transportation needs into the 21st century, you will be considering the interrelated needs of efficient movement of people and material, the environmental implications of various transportation modes, and the economic and social impact of the nation's transportation infrastructure. The task before the Subcommittee is as difficult as it is critical to the nation's well-being.

I asked to appear before the Subcommittee, Mr. Chairman, in order to detail for your members an emerging problem that increasingly threatens transportation in my congressional district and many similar areas around the country. I also want to offer what I believe are some specific solutions to the problems in my congressional district which I think could be applied to other areas.

My district, which consists of Bucks and the eastern portions of Montgomery County, Pennsylvania, is among the fastest-growing areas in the nation. Both Bucks and Montgomery Counties are accessible to New York as well as Philadelphia business centers and are becoming increasingly popular among workers from both metropolitan areas.

The tidal wave of development we have experienced in recent years is now beginning to endanger the very qualities that have brought so many people and businesses to our area. The issues of overdevelopment, loss of open space and environmental protection now top the list of concerns of the majority of my constituents. The infrastructure of the region, in particular our transportation system, has in many cases become overwhelmed.

As dire as this situation is, it is not unique to my region. Suburban areas across the country, from the Northern Virginia suburbs outside Washington to Orange County, California, are experiencing an epidemic of traffic congestion. Automobiles have become the dominant, indeed the exclusive, mode of transportation in areas immediately surrounding cities. In the Philadelphia region, traffic congestion is constraining the very mobility that companies sought in the suburbs.

Unlike historical travel patterns, whereby virtually all travel was radial to and from the center of a major city such as Philadelphia, today's patterns are far more dispersed and suburb-oriented.

Two major demographic factors need to be recognized to understand this phenomenon. The population of the region has changed. The City of Philadelphia, long the predominant population center of the region, now represents only 40 percent of the population of the five counties of the southeastern Pennsylvania region. Fully sixty percent of the population now resides in the four suburban counties. Similarly, sixty percent of all work travel in the area is now intra-suburban. Second, while the City of Philadelphia continues to enjoy small incremental growth on a very large employment base, the suburban territory has blossomed into major employment communities totally independent of the City of Philadelphia.

SEPTA, the Southeast Pennsylvania Transportation Authority, currently captures very little of the cross-county market, since the new travel patterns are lateral and SEPTA's network has been built on historic, radial travel patterns. New employment center development has basically followed the pattern of express highways which have been built in the region. These employment centers are consecutively spaced about 6 to 10 miles apart from Morrisville in Bucks County to Downingtown in Chester County, roughly paralleling the Pennsylvania Turnpike and part of U.S. Route 202.

Happily, through an accident of history, a predecessor railroad of SEPTA and Conrail constructed a railroad line known as the "Trenton Cut-off." This line extends some 53 miles from Morrisville to Downingtown. It was originally constructed through suburban farmlands and relatively unpopulated areas, and was designed to move long-distance freight (not destined for Philadelphia) on a route bypassing the City to avoid coming into the then-congested railyards. In turn, the Pennsylvania Turnpike and US 202 were similarly developed as major highways that were routed around, rather than into the City. Like other major highways across America, these roads spawned major development and employment centers along them.

Today, in a continuous string of employment centers, one can point to Downingtown, Exton, King of Prussia, Norristown, Plymouth Meeting, Fort Washington, Willow Grove, Southampton, Oxford Valley, and the Morrisville/Trenton areas as major beneficiaries of these past public hignway investments. These same employment and development centers also happen to be immediately adjacent to this rail line which now rests comfortably parallel to the Pennsylvania Turnpike and part of US 202 for nearly its entire distance. The railroad alignment was built to high speed standards (80 mph or more) and is virtually free of grade crossings. As a by-pass rail line, there are also virtually no local freight customers.

The opportunity exists now to utilize this rail line as the first "cross county" passenger rail service, interconnecting these employment centers and providing transfer stations with eight of SEPTA's existing rail services for easy employment access, both from distant suburban locations as well as from Center City Philadelphia and the parts of the region which lie between the Cross County line and Center City.

Mr. Chairman, SEPTA has prepared maps which graphically demonstrate the major regional expressways and arterials which parallel and intersect the Cross County Metro Corridor: Route 1, I-95, Route 309, the Northeast Extension of the Turnpike (PA-9), the Schuylkill Expressway (I-76), the Pennsylvania Turnpike and Route 202. (I am including copies for your review).

With implementation of this Cross County Metro service, SEPTA would be able to create a series of intermodal transportation centers throughout the region. With a focus upon this particular cross county service, a series of intermodal centers would provide easy connections to all parts of the region using rail, bus, van or auto, very similar to the concept now in place at the Norristown Transportation Center and at 69th Street Terminal. These major intermodal transportation centers would have large park-and-ride lots for traditional commuters, with easy access from major roadways directly into the parking lot. In addition, these terminals would be focal points for a local bus system enabling riders to have quick, easy access from the station to the employment and shopping centers in the area and also to nearby residential centers, thereby providing mobility without the use of the automobile. Obviously, these intermodal transportation centers would also function as a transfer point for rail-to-rail commuters who might be headed outbound from the city and who are changing trains to the Cross County Metro to get to an employment center.

The concept of the Cross County Metro is new to the

Philadelphia area and perhaps even new to the United States. However, it is uncannily similar to the very same concept that has been utilized by highway planners in designing beltways around major cities in the United States to foster suburban travel. The Cross County Metro is really this same concept applied to mass transportation and it can have a far more beneficial effect on reducing road congestion than any other single investment that the public can make. Compact European cities thrive in spite of severely constrained auto use because they have built a network of radial and peripheral transit lines.

As an example of how the Cross County Metro is already affecting regional thinking, the Pennsylvania Department of transportation (PennDOT) has included the concept in the design competition for the I-95 Reconstruction Project and has specifically asked the competing consultant teams to focus on an intermodal transfer center in the Oxford Valley/Woodbourne area (near I-95, Route 1, and SEPTA's existing R-3 West Trenton Rail Line).

As another example of possible intermodal connections and of innovative financing, I call the Subcommittee's attention to a joint station concept being considered for the Exton area. SEPTA has already worked cooperatively with the developer of a proposed office park at Glenloch to plan for 500 parking spaces on the existing R-5 Paoli Line on a turn-key basis. SEPTA indicates that it would welcome the opportunity to explore a joint station or private sector partnership at this location on the proposed Cross County Metro Line. The need for the Cross County Metro is further enhanced by the proposed Exton By-Pass. Currently Route 30 is one of the most congested highways in the southeastern portion of Pennsylvania. The By-Pass proposed by Mr. Schulze addresses the critical problems faced in this area caused by automotive traffic. The Cross County Metro, in turn, would allow drivers quick access from this major arterial from the West onto the regional mass transit system. Similar opportunities exist along the entire corridor.

Conrail has already determined that a major portion of the Trenton Cut-Off line is going to be "downsized" resulting in removal of at least one track between Norristown and Downingtown, making that right-of-way available for the Cross County Metro. The alignment of the Cross County Metro is a high-speed, fully grade-separated, railroad with many of the employment centers being within walking distance of potential station sites. The potential also exists for SEPTA and the private sector to construct major new developments along the right-of-way, concentrating employment, providing a passenger base, and requiring far less utilization of land for parking than is currently the case in the suburban territory. The

proportion of land utilized for parking the suburban territory is one of the major causes of sprawl and also the major cause of congestion on the roads. This, in turn, results in some of the adverse environmental conditions experienced in the Philadelphia area. And, as you are aware, this region is one of severe non-attainment for Clean Air Act standards.

Mr. Chairman, I believe that a unique opportunity exists for the Subcommittee to take a bold and visionary step, a step that will simultaneously stimulate economic development, improve the environment, and add new vitality to one of the nation's oldest public transit systems.

The proposed Cross County Metro would operate on existing rail right-of-way. Consequently, the necessary Environmental Impact Analysis and preliminary engineering studies could be completed in short order. This process will be further sped by a $200,000 study of the Cross County metro currently being conducted by the Delaware Valley Regional Planning Commission in cooperation with UMTA and SEPTA.

Mr. Chairman, for $100 million the Cross County Metro can become a reality and it can do so during the five-year time frame of the reauthorization for the Surface Transportation Assistance Act. Because of the reasons I have outlined above and based on the funding formula in current law, Mr. Chairman, I would ask the Committee to authorize the full federal share of $75 million for this critically important project. It will be an investment that will bring near immediate benefits, both tangible and intangible, and can serve as a model for mass transit in the urban centers of our country.

In addition, Mr. Chairman, I would like to bring to the attention of the Committee a second possibility that could provide relief to our regional transportation problems.

The recent completion of Interstate 78 through the Lehigh Valley has spawned rapid growth--and increasing traffic congestion--in northern Bucks County. In particular, traffic in the vicinity of Quakertown, where the Northeast Extension of the Pennsylvania Turnpike and Routes 309 and 663 converge, is quickly reaching near gridlock conditions.

Mr. Chairman, the need for increased safety and decreased traffic congestion in the area calls for quick action. Therefore I would ask the Committee to authorize $1.6 million to fund necessary environmental studies and right-of-way evaluation for a Quakertown By-Pass. In addition to the By-Pass itself, this authorization would include money to study traffic signalization/improvement on feeder routes, intersection

improvements, and the possibility of building a Park and Ride facility at the intersection of Route 663 and the Pennsylvania.

Again, I thank you, Mr. Chairman, for the opportunity to testify today.

Mr. MINETA. At this time I'd like to call on a very fine colleague, Congressman Schulze of the fifth Congressional district of Pennsylvania. And as the other members of the Congressional delegation of Pennsylvania have all been at the funeral of our very fine colleague, the late Senator John Heinz, I'd like to have you go ahead and testify at this time.

**TESTIMONY OF HON. RICHARD T. SCHULZE, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA, ACCOMPANIED BY JOE KENNA, CHAIRMAN, CHESTER COUNTY BOARD OF COMMISSIONERS, AND BOB THOMPSON, EXECUTIVE DIRECTOR, CHESTER COUNTY CHAMBER OF COMMERCE**

Mr. SCHULZE. I thank you, Mr. Chairman. I share the sentiments of our colleague from Pennsylvania, Mr. Kostmayer, when he expressed his gratitude to you for allowing us to come in the afternoon because of this morning's events. I've got to tell you its with a heavy heart that we do make these presentations this afternoon but, perhaps the best way to honor Senator Heinz' memory is to renew our dedication to things like this. He was well-known for working for his constituents and doing what's good for Pennsylvania. As perhaps you know, he sometimes brought the Senate to a halt over what others would sometimes consider a minor issue. He is now revered for it.

With this in mind, I'd like to bring to the subcommittee's attention the greatest infrastructure concern of my Pennsylvania constituents and that is the Exton bypass. The Exton bypass is a great dollar value. It does everything a road construction project could do for a region. Mr. Chairman, in the interest of time I will ask that my full statement be placed in the record and I will not go into it in lengthy detail. We have discussed this issue before the subcommittee previously and, as you know, my colleague Mr. Kostmayer just referred to it in his testimony.

But I'm pleased to have accompany me today two of my very good and dear friends. One is Joe Kenna, who is the Chairman of the Chester County Board of Commissioners, and Bob Thompson, who is the Executive Director of Chester County's Chamber of Commerce. They will describe the project in detail and the level of private commitment along Route 30 and for the bypass. To start, I'd like to introduce to you Mr. Joe Kenna, who is the Chairman of the Chester County Board of Commissioners.

Mr. KENNA. Thank you. Mr. Chairman, members of the subcommittee, my name is Joseph Kenna, and I am the Chairman of the Board of Commissioners for Chester County. It is indeed a true honor and privilege to appear before this subcommittee.

I know that you have a very difficult task in creating the legislation necessary to reauthorize the Surface Transportation Act. Your task is particularly difficult in light of the fact that we are entering the post-interstate era. The direction you provide in this legislation will have profound impact on the mobility, safety, and economic development of our Nation for many years to come.

I appear before you today to request your special consideration on a project which is of the utmost importance to me, to the residents and businesses of Chester County, to the residents and busi-

nesses of southeastern Pennsylvania, Philadelphia, and Wilmington. The project that I'm referring to is commonly referred to as the Exton bypass. You have before you an information package which provides more detail and information than I could possibly cover in five minutes. The illustrations in this package attempt to provide geographical location while identifying issues and perspectives at regional, Interstate, intermodal and local levels.

In short, the Exton bypass is a proposed five mile relocation of U.S. 30 in the heart of Chester County, which is one of the fastest growing in Pennsylvania. U.S. Route 30 is most significant, non-toll, arterial west of Philadelphia. As you can see on the map, Chester County is located in the southeastern region of Pennsylvania and the area that we refer to for the Exton bypass is highlighted in red. From the package that you have before you, I'd like to highlight some of the more significant issues.

The bypass has unanimous community support, with an overwhelming priority from the entire legislative delegation in the county. With our written testimony are letters of support from all the State and Federal legislators in the county. The project would demonstrate an amazing consistency with the transportation policies of the Bush Administration as defined in the U.S. Department of Transportation document entitled, "Moving America." These are identified on a list and a map entitled "A Regional Perspective."

The project would significantly improve the regional mobility and access to public transportation, airports, and river ports. The maps on the Interstate and intermodal perspective explain these points. In fact, the five mile stretch of the Exton bypass would become the hub of intermodal transportation and, if Mr. Kostmayer gets his $100 million, that line would also link up in the area of the Exton bypass. We have bus lines, rail lines, and with the completion of this bypass clearly we would have the connection of the auto corridor. One of the things that people do not take quick notice of is that it would move people to use the Chester County airport, which would become a feeder airport to Philadelphia. Townships and private developers in the immediate U.S. 30 corridor have attempted to resolve some the traffic problems with major capacity improvements to U.S. Route 30. With a proposed commuter rail station and possibly with land and financial contributions to the bypass. The project is ready to go in 1992.

As we move into the post-Interstate era, the apparent next focus will be on Highways of National Significance. U.S. 30 certainly is categorically high on that list as it has been for over 200 years. Documentation of this is evident in the fact that U.S. Route 30 carries higher daily traffic volumes and higher truck volume than the nearest parallel Interstate, which is I-76. The Exton bypass is an integral link in the national network because it closes a five mile gap between three different limited access highways.

My intent today is to request your assistance in advancing the funds for the construction of the Exton bypass. While Pennsylvania Department of Transportation has been able to move the project through pre-construction stages, they have not been able to commit funding for the construction. I believe that $87 million, would expedite the construction, mitigate many of the suburban mobility prob-

lems, and improve the regional mobility in the Philadelphia metropolitan area.

This area is an area that I travel regularly and I will tell you from my own experience that the lack of this bypass has an economic strangle-hold on our county. The completion of this five mile route will open up the western part of our county for development.

I want to thank you for this opportunity to present this information and I wish you well in your deliberations. Mr. Chairman, I'll be glad to try to answer any question that you may have.

Mr. MINETA. Congressman Schulze, did you wish to introduce Mr. Thompson, as well?

Mr. SCHULZE. Mr. Thompson has a very impressive background, has been twice Commissioner of Chester County, and in fact, was the Chairman of SEPTA. So his background and knowledge of not only the geographical area, but of transportation problems is excelled by few. Mr. Thompson.

Mr. THOMPSON. Thank you, Dick. It's both a pleasure and an honor for me to be here to appear before the Subcommittee on Surface Transportation this afternoon. As a personal aside, both Congressman Schulze and I grew up within a few miles of the Exton crossroads in Paoli and we can both personally attest to the unparalleled growth and congestion that has resulted there. Honesty, however, compels me to point out that Congressman Schulze grew in an earlier era than I did.

The Chester County Chamber of Commerce is a grass roots business organization with about 2,600 members. The County Chamber, along with ten affiliate local chambers located throughout the County, is a strong advocate of the Exton bypass and there's a letter of support from the Board of Directors included in the materials you've been given. Representative Kostmayer has made an excellent presentation, as has Commissioner Kenna, in stating a need for the Exton bypass, this afternoon, fortified with some compelling information that was prepared by the Chester County Planning Commission. In addition to emphasizing that the Exton Bypass provides the missing link in the east/west toll-free limited access highway system on the East Coast, I want to make three points which I feel qualified this project for this committee's support and ultimately Federal backing.

First, is the unprecedented growth that's taken place in the area. If a picture speaks a thousand words, this exhibit is worth volumes. It portrays the growth and development that has taken place along the proposed bypass. The areas with the red overlay represent development that either has taken place in the past ten years or has been approved during that period of time. The yellow represents areas of proposed development. The 1990 census figures show a growth of 15,619 or a 38 percent increase in population in the municipalities immediately adjacent to the proposed bypass. Overall, the County's grown by 60,000 or about 17 percent during that period.

Areas overlaid in red represent 37,500 new daily trips through the Exton intersection. To put that into perspective, recent traffic counts reveal that Exton crossroads area is handling or attempting to handle twice the volume it was designed to handle. In reality, the intersection isn't handling the overload. The motorists who

know the area have come to find alternative routes which clog narrow side streets, parallel roads and cause further congestion.

The second point I'd like to make is the willingness of the private sector to participate in the project. We're not talking about pledges here. We're talking about actual expenditures of private capital to improve the highway infrastructure in the area. In West Whiteland Township alone, more than $6.1 million has been spent in private funds to widen and improve an already overburdened Route 30 and Route 100. In addition, township supervisors plan to establish a transportation improvement plan which calls for the use of another $6 million in private funds from the property owners involved. Meanwhile, area businesses have expressed a strong willingness to make in-kind, right-of-way, utility relocation, and direct cash contributions to the project.

Finally, we cannot overlook the opportunities for linking the various modes of transportation in the region through this project. Certainly Congressman Kostmayer could not have been a better introduction to our presentation. As you can see in this exhibit, the Exton Bypass offers an excellent opportunity to link a limited access highway with interstate rail, commuter rail, light rail, and bus lines.

The project would tie the bypass directly to the existing Exton railroad station which serves Amtrak's principal east-west artery and SEPTA's R-5 line, which links Parkesburg in western Chester County with Philadelphia, and Doylestown in Bucks County.

In addition, the bypass will tie directly with a station being built and financed totally by a local developer's funds to serve as an interchange point between the Amtrak-SEPTA mainline and the proposed SEPTA Cross County Metro light rail line, the line linking Downingtown with Bucks County, the line referred to earlier. This will significantly reduce congestion on the Route 30 corridor and intercept commuter traffic, which now overburdens Route 30, Route 202 and the Schuylkill Expressway on it's way into Philadelphia each day.

Finally, by relieving the congestion along the Route 30 corridor and the secondary routes paralleling it, the privately-owned Reeder Bus Company Service and SEPTA's Route 92 bus route will be able to operate more efficiently, attracting new ridership.

In conclusion, I have no doubt that former Pennsylvania Transportation Secretary, now Federal Highway Administrator, Tom Larson and other members of the Administration had Federal help for projects like the Exton Bypass in mind when they drafted some of the principles described in "Moving America: New Directions, New Opportunities." I hope you will agree.

I thank you very much for your time and I would be happy to answer any questions.

Mr. MINETA. Thank you very much, Mr. Thompson. Is this taking State Route 6030 and expanding that or is this a total new realignment of that State route?

Mr. SCHULZE. This is a total new road. It's not a realignment. It is a total new road, Mr. Chairman.

Mr. THOMPSON. The proposed route is where the red line is. The old 30 is——

Mr. MINETA. Where's the existing 30 then?

Mr. SCHULZE. That's the existing route 30. I think, Mr. Chairman, you did see some time ago a video that we had presented on this project which showed the massive congestion and so forth and as you know we've discussed it over the years. It's one that does have merit and we know that the committee will look favorably upon this meritorious proposal.

Mr. MINETA. In the submission by the Commonwealth of Pennsylvania, I'm not sure whether the Commonwealth submitted the map as part of National Highway system. Do you know whether or not this was included, if they did in fact submit a map as to what they envisioned for the Commonwealth of Pennsylvania for the National Highway System, as to whether or not this was included as part of that?

Mr. THOMPSON. This is part of that proposal. In fact, this is the PENNDOT's highest priority project in southeastern Pennsylvania.

Mr. MINETA. Now it is my understanding that PENNDOT has spent some $33 million on engineering designs, relocation of utility lines, and acquisition of right-of-way?

Mr. KENNA. Yes, all of that has been purchased to date.

Mr. MINETA. So what is the remaining cost to complete of this Exton Bypass?

Mr. KENNA. We are looking for the $87 million from the Federal Government.

Mr. MINETA. What is the total, if $87 million is what you're seeking from us?

Mr. KENNA. The total package is at this point, I believe, $117 million.

Mr. MINETA. That's roughly the 87 plus the 30 that has already been expended by the Commonwealth of Pennsylvania.

Mr. Riggs, do you have any questions?

Mr. RIGGS. I will just inquire as to whether or not this is an existing right-of-way. In other words, the right-of-way has been acquired.

Mr. KENNA. They have been acquired.

Mr. RIGGS. They have been. And you are making provisions for some sort of mitigation or compensation for property owners or business owners that would be affected by completion of this stretch of highway, closing of the gap so to speak?

Mr. KENNA. Yes. The State has been handling that. Most of that has already been completed.

Mr. RIGGS. This is currently a five mile stretch of surface street with traffic controls?

Mr. KENNA. Yes.

Mr. RIGGS. You want to build some sort of elevated freeway?

Mr. KENNA. It's a limited access highway and it will connect to other limited access highways. It's really the final piece of the puzzle in Chester County.

Mr. RIGGS. This isn't a toll road by any chance or not a proposal for a toll road?

Mr. KENNA. No.

Mr. RIGGS. Okay. Thank you very much.

Mr. MINETA. Thank you very much, Congressman Schulze and Mr. Thompson and Mr. Kenna, for your presentation.

[Mr. Schulze's prepared statement follows:]

Congressman Richard T. Schulze

Written testimony for the
House Subcommittee on Surface Transportation
April 10, 1991

Mr. Chairman: I want to thank you this afternoon for accommodating Members who paid their final respects to the Late Senator John Heinz in Pittsburgh this morning. Our bereavement is fresh and weighs heavily on our spirits. Perhaps the best way to honor the good senator, is to turn with renewed dedication to the business of managing our great nation.

It is with this in mind, that I bring to the subcommittee's attention the greatest infrastructure concern of my Pennsylvania constituents -- the **Exton Bypass**.

Unprecedented commercial and industrial growth in the rural and suburban areas between the port of Philadelphia and Lancaster have swollen surface transportation demands far beyond the capacity of U.S. Route 30 where it passes through Exton, Pennsylvania. West of Exton, Route 30 is a four-lane expressway. East of Exton, traffic flows on a modern highway with fully controlled access.

The 5.5-Mile segment of U.S. Route 30 which passes through the heart of Exton is the weak link in this highway of national significance. It is a transportation coronary of congestion and gridlock.

The solution is the Exton Bypass. It will complete the U.S. Route 30 corridor by connecting the Coatesville-Downingtown Bypass to U.S. Route 202. Sixty percent of the Route 30 traffic which staggers through Exton from stop light to stop light, neither originates or ends in Exton. Local and other pass-through traffic is forced into diversionary routes which swells feeder roads and arteries into gridlock. The Exton Bypass will whisk at least 60 percent of the current traffic along limited access highway.

The Exton Bypass will do substantially more than provide the much-needed relief of traffic congestion. The Exton Bypass also brings greater safety, ease of access to public transportation and commercial infrastructure to Southeastern Pennsylvania.

Currently, all trucks hauling between Philadelphia and Lancaster industrial region must rubberneck through Exton. Traffic studies have documented that 7,000 trucks traverse the intersection of Route 30 at Route 100 each day. Now compare this to the nearest Interstate, where only 5,000 trucks cross Route 100 each day! And to make matters worse, Route 30 chokes down to just one lane in several segments.

This condition has lead to a high rate of truck accidents which would be tremendously reduced by construction of the Exton Bypass. The Exton Bypass will also improve connections between private-vehicle commuters and public transportation. Two commuter trains, the Southeastern Pennsylvania Transportation Authority's R-5 line and Amtrak's Harrisburg / Philadelphia line, parallel the Route 30 corridor.

The Exton Bypass would funnel hundreds if not thousands of daily commuters into the southeast end of the proposed Cross County Metro rail, which connects the suburban ends of the SEPTA lines. By relieving the intense congestion in the vicinity of these stations, rail commuters will have more efficient access to rail and bus options which will dramatically reduce road traffic in the region.

In the meantime, would-be commuters resort to extraordinary detours to avoid the Exton quagmire, which blocks potential transit users from intermodal transfer points. Finally, by offering efficient movement of personnel and materials, the Exton Bypass will bring surface transportation infrastructure needs closer to current commercial demands and facilitate additional commercial growth.

The severe need for constructing the Exton Bypass has garnered broad and significant support. Private businesses have contributed about 10 million dollars for improvements along the existing Route 30, which will become the business loop after the bypass is completed. The Chester County Planning Commission has identified the Exton Bypass as its top infrastructure objective.

SEPTA's Louis J. Gambaccini, Chief Operations Officer and General Manager, expressed strong support for the Exton Bypass. He said it will serve as a model for future transportation projects in the nation, because of its effective integration of rail, bus and automobile transportation.

The Pennsylvania Department of Transportation has already spent 33 million dollars for engineering designs, relocating major utility lines and pipes, and has currently acquired about 90 percent of the needed rights of way. Lastly, Secretary Sam Skinner has publicly voiced direct support for constructing the Exton Bypass. With such broad support for building the Exton Bypass, I am hopeful of obtaining your support. (14)

In the meantime, the feeble link of U.S. Route 30 where it passes through Exton, Pennsylvania handles more daily and peak-hour traffic than the nearest Interstate, the Pennsylvania Turnpike!

(Schulze 3 of 3, written testimony, 4/10/1991)

With current federal budget constraints, only the most critical infrastructure needs should get priority funding. **The Exton Bypass exceeds that requirement.**

I urge continued commitment at all levels for support of this most worthy use of taxpayers' money. **NOW** is the time for constructing the **Exton Bypass!**

# # #

# LETTERS OF SUPPORT FROM CHESTER COUNTY LEGISLATIVE DELEGATION

Majority Caucus Chairman

Senate of Pennsylvania

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36TH DISTRICT

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STATE GOVERNMENT

CHESAPEAKE BAY COMMISSION
JOINT STATE GOVERNMENT COMMISSION
LEGISLATIVE AUDIT ADVISORY COMMISSION
PENNSYLVANIA CITIZEN SERVICE BOARD

January 16, 1991

JAN 18 1991
PLANNING COMMISSION

George W. Fasic, Director
Chester County Planning Commission
235 W. Market Street
West Chester, PA 19382

Dear Mr. Fasic:

With the State Transportation Commission's public hearing scheduled for January 31 to consider the Twelve Year Transportation Program, I wish to express my support of the continued effort to make the Exton Bypass a high county-wide priority and would like to see the project get underway as soon as possible.

Although the Exton Bypass is a high priority, there are other major prospective highway projects that become more feasible each year. Among them are the Rt. 41 Corridor and the upgrading of the intersection at Route 30 and the Airport at Valley Township.

I respectfully request that the Transportation Commission give serious consideration to Chester County's priorities so that progress can be made in relieving the traffic volume and congestion experienced by its residents and tourists who travel on our vital road network. Making travel throughout the county safe for the growing numbers of pedestrians and motorists is imperative.

Sincerely,

Noah Wenger

Noah W. Wenger
State Senator

NWW/djs

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Senate of Pennsylvania

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VICE CHAIRMAN
AGING AND YOUTH
COMMUNITY AND ECONOMIC DEVELOPMENT
LAW AND JUSTICE
PUBLIC HEALTH AND WELFARE

ADVISORY COUNCIL OF SOUTHEASTERN VETERANS HOME

January 17, 1991

The Honorable Howard P. Yerusalim
Secretary
Pennsylvania Department of Transportation
1200 Transportation and Safety Building
Harrisburg, PA 17120

CHESTER COUNTY PA
PLANNING COMMISSION
JAN 22 1991

Dear Secretary Yerusalim:

I am writing to urge that the Exton Bypass project receive the highest priority status at the State Transportation Commission meeting on January 31, 1991. As you know, I believe that this project is crucial to the future economic wellbeing of Chester County and I have worked for many years to make the Bypass a reality.

Engineering and right of way work on the Exton Bypass has been underway for many years and is now nearing completion. I would urge that the priority status of the Bypass be reflected in the 1990 12 Year Plan by including full funding for construction in Years 1-4 of the plan.

It is indeed feasible that the engineering, right of way and utility relocation work on the Bypass could be completed within the next 12-18 months. Therefore, it is extremely important that PennDOT show its symbolic commitment to this project by allocating full construction funding in the first four years of the plan.

Thank you for your consideration of this important request. If you have any questions or I can be of any assistance to you, please do not hesitate to contact me.

Sincerely,

Earl M. Baker

EARL M. BAKER

45-155 O—91——21

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JOINT LEGISLATIVE AIR AND WATER POLLUTION CONTROL AND CONSERVATION COMMITTEE

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

JAN 22 1991
PLANNING COMMISSION

January 18, 1991

Mr. George Fasic
Chester County Planning Commission
235 West Market Street
West Chester, Pa. 19382

Dear George:

I am writing to you to be on record in full support of the Exton Bypass project to be started and completed in the first four (4) years of the Pennsylvania Department of Transportation's Twelve (12) Year Plan. I also will support full funding to do the same.

Sincerely,

Art Hershey
STATE REPRESENTATIVE
13th Legislative District

AH:lc

JIM GERLACH, MEMBER
150 MAIN-LIN DRIVE
COATESVILLE, PENNSYLVANIA 19320

*House of Representatives*
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

January 17, 1991

Members
State Transportation Commission
Transportation and Safety Building
Harrisburg, PA 17120

Re: Exton By-Pass, Chester County

Dear Members:

This letter serves to voice my wholehearted support and request for this Commission's efforts to fully and immediately fund Phases 2 and 3 of the Exton By-Pass project in Chester County in the first four years of the upcoming 12 year plan.

As a new Chester County legislator coming off of a long, grassroots campaign, I can report to you the continuing existence of overwhelming sentiment and support by 155th District residents and business owners for the completion of this project as soon as possible. Many thousands from my District must cope with the congestion and safety problems in the Exton area on a daily basis. In light of the agonizing history in getting this project completed, I urge you to fully support and assist in its final completion. The cost of completion will certainly never be less than it is right now. Let's get it done!

Thanks so much for your considerations.

Very truly yours,

James W. Gerlach

JWG/bar

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ASSISTANCE AGENCY - PHEAA

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

CHESTER COUNTY P.C.
RECEIVED
JAN 24 1991
PLANNING COMMISSION

January 22, 1991

The Honorable Howard Yerusalim
Chairman, State Transportation Commission
1200 Transportation and Safety Building
Harrisburg, PA 17120-0028

Dear Howard:

The completion of the Exton Bypass is the most critical concern in the 156th District. Along with our citizens, the entire business, industrial and professional communities are united in expressing not only the need for the Exton Bypass, but also the urgency for including all three phases in the 1-4 year category.

I take this opportunity to thank you and members of the State Transportation Committee for the efforts in moving the Bypass project into position so that proper funding can be justified. We all know this project has been spread out over many years. During those years traffic has continued to increase and costs have risen immeasurably. It appears to me that now is the moment of truth when the State Transportation Commission can endorse the recommendations of the Chester County Planning Commission for completion of the Bypass in years 1-4.

Second only to the completion of the Bypass, I request your attention to the following projects:

1. The widening to 5 lanes of the PA 113 corridor with a jughandle at Route 113 and Route 100 and the widening of the bridge on 113 over the Turnpike.

2. Your attention is called to the project of the West Whiteland Township Highway Network Improvement Committee. This Committee is working under the Transportation Partnership Act. Funding for this project is needed because most of the improvement is to state roads.

3. The 4 local major intersection projects in East Goshen Township currently on the program. All need to be advanced as soon as possible with 352 and Paoli Pike and the 202 off-ramp signalization as top priority.

4. The West Goshen wide program - major improvements to several state roads.

5. There is an urgent need for a south ramp on Bypass 202 to connect with westbound PA 322.

Consideration of these requests is appreciated.

Cordially,

Elinor

Elinor Z. Taylor

EZT/vkm

cc: The Honorable Richard J. Cessar
The Honorable Joseph A. Petrarca
Mr. George Fasic

PETER R. VROON, MEMBER

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HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES
FINANCE
MINORITY CHAIRMAN
INSURANCE
REPUBLICAN POLICY

January 23, 1991

The Honorable Howard Yerusalim
Chairman, State Transportation Commission
1204 Transportation and Safety Building
Harrisburg, PA 17120

Dear Howard:

Re: State Transportation Commission Hearing
January 31, 1991
Holiday Inn, King of Prussia

On January 31, 1991, your Commission will be conducting a hearing on important highway projects, including those for Chester County. Because of my involvement with several of those projects, I would like to request that you give a sense of urgency to the following projects:

1. W. Whiteland--Exton Bypass, phases 1, 2, and 3.

2. Tredyffrin--U.S. 202, widened to six lanes from I-76 to PA 252.

3. Phoenixville--Chester-Montgomery connector, phases 1 and 2.

4. Tredyffrin--PA 252 underpass of Amtrak bridge replacement.

With respect to item 1, I would respectfully ask that you move the entire project to the first four years of the Twelve-Year Program. This project involves a daily traffic flow of some 35,000 cars and, hence, may not appear to be as significant as other projects on the list. Failure to complete the entire project within the first four years will undoubtedly have a very detrimental effect on the further growth of that area. I am sure you have seen that area many times during the rush hour. What you see in the immediate vicinity of the intersection of Route 30 and Route 100 is only part of the problem. Because of the severe congestion, a considerable amount of traffic is inadvertently transferred to marginal roads in that general area which results in very serious traffic problems on those marginal roads. When the business people in the area surrounding the above-mentioned intersection recruit employees on an ever-increasing basis, they find it more and more difficult to attract people to the area because of these traffic problems. Everyone seems to know about them.

Item 2 above has been a matter of grave concern to me for the last several years. I would strongly urge that engineering and construction be commenced and completed within the first four years of the Twelve-Year Program. Needless to say, the traffic of 80,000 cars per day on that section of Route 202 is intolerable. For every conceivable reason this project should be on the front burner.

On item 3 above, the Phoenixville Spur is becoming more and more of a necessary project. With the location of two very substantial pharmaceutical firms in Upper Providence Township, this project becomes more urgent for adoption and construction in the first four years. Please give serious consideration to this project.

Item 4 above has been added to the bridge bill but it has not as yet been included in the Twelve-Year Program. The Chester County Planning Commission proposes that it be included in years 5 - 8 on the Twelve-Year Program. Because of the extreme urgency of this particular project, I respectfully request that it be included in the Twelve-Year Program for years 1 - 4. This is a very serious matter and the longer we wait, the more expensive it will be to achieve. The most serious complaints I receive are about this particular condition.

I would like very much to discuss with you some specific proposals for providing the necessary funding for all of these badly needed projects. Thank you for your consideration of these requests.

Sincerely,

Peter R. Vroon
Member
157th Legislative District

PRV:mm

JOSEPH R. PITTS
REPUBLICAN CHAIRMAN
717) 787-7311

Appropriations Committee

MICHAEL D. HORENSTEIN
EXECUTIVE DIRECTOR
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HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG 17120-0028

January 30, 1991

Howard Yerusalim, Chairman
State Transportation Commission
Room 1200 Transportation & Safety Bldg.
Harrisburg, PA 17120

Dear Howard:

As the State Transportation Commission begins its deliberations in order to update the Twelve Year Program, I wanted again to urge you to consider the following as high priority projects and worthy of moving up on the new program:

1. Exton Bypass, all phases, in the first four years of the 12 Year Program.

2. Relocation of Route 52 at Longwood Gardens. We need to move all phases of this project into the first four years of the 12 Year Program.

3. Route 41. Planning funds should be included in the first four years with construction in the second four years. The project would be from the Delaware state line to Chatham.

4. Two lane relocation of Route 322 southwest of the borough of Downingtown.

Of additional importance is the consideration and addition of the following to the Twelve Year Program:

1. Route 1 Bypass improvements.
2. Intersection of Routes 926 and 202. Widening and turning lanes.
3. Route 1. Turning lanes and signalization at Chadds Ford Elementary School.
4. Continued support for funds for the engineering study to improve the intersection on Route 30 Bypass and Route 113.

Thank you for your consideration in this matter. Your continued cooperation is appreciated.

Sincerely,

Joseph R. Pitts

JRP/DCE/jmr
cc: George Fasic

[Mr. Kenna's prepared statement appears on page 773.]
[Mr. Thompson's prepared statement appears on page 971.]

Mr. MINETA. At this time I would like to call forward George Leitz, International President of the Transport Worker's Union of America, and Bob Molofsky, Amalgamated Transit Union. I appreciate your patience and forbearance for your long wait today. Your statements will be made a part of the record, please proceed.

## TESTIMONY OF GEORGE LEITZ, INTERNATIONAL PRESIDENT, TRANSPORT WORKERS UNION OF AMERICA; AND ROBERT MOLOFSKY, LEGISLATIVE DIRECTOR, AMALGAMATED TRANSIT UNION

Mr. LEITZ. Chairman Mineta, members of the committee, my name is George Leitz and I am international president of the Transport Workers Union of America. The TWU represents some 60,000 members involved in urban and intercity surface transportation. We represent bus, subway, and commuter rail workers in New York City, Long Island, Philadelphia, Houston, Miami, New Jersey, and a number of other smaller cities. We have a continuing interest in a strong and viable urban mass transit system. This is, in our view, the purpose of the Urban Mass Transit Act and the Surface Transit Assistance Act now being considered.

At the outset, I am pleased that after many years of recommending drastic and destructive cuts, the Administration at least is proposing a modest increase in assistance. I believe that significantly more assistance is called for if we are to restore public transit to a central role in our national transportation system. I am grateful that the destruction of urban transit assistance programs is no longer in the Administration's game plan.

Aside from arguing for an increase in funding levels, TWU has continuing concerns about the administration of the program which I will now discuss. On privatization, it is clear that UMTA, through its interpretations of Section 3(e)(8) and 9(f) of the act, as well as regulations published pursuant to these provisions, has sought to establish a bias in favor of contracting out and privatization by transit authorities. Indeed UMTA has, in essence, forced public authorities to justify performing their own work as a condition of assistance. In our view, the actual terms of the law do not permit this sort of presumption. Of equal significance, this is the exact opposite of how efficient private sector firms operate in relation to contracting out core functions.

For example, in our contract with American Airlines, we have a provision requiring the company to contract in at least as much work as it contracts out. Notably, UMTA has found similar restrictions on contracting out in transit contracts to be inconsistent with its privatization regulations. I doubt that anyone would contest that American has been one of the most successful airline enterprises over the past few years. By contrast, Texas-Air, which for years contracted out far more work than most carriers, is one of the least successful carriers. In other words, UMTA's presumption in favor of contracting out has not, in our experience, been a sound strategy in the private sector. In light of this, I cannot see why UMTA retains this sort of policy.

The true cost of UMTA's privatization initiative, though, is revealed in the Miami experience. In that city former administrator Ralph Stanley forced the authority to enter into what was known as the "Private Enterprise Participation" called the PEP project plan as a condition for receipt of rolling stock. The authority was compelled to contract out several well-traveled routes to Greyhound Corporation. The notion was that this experiment would show that private firms would operate more effectively and efficiently than the established public authority and, therefore, justify more contracting out.

The experiment eventually established the exact opposite point. Polls of the public showed great dissatisfaction with the service provided by Greyhound and far greater happiness with the work of our members in Miami. While the private company began with a significant labor cost advantage, that advantage was soon eliminated by the high accident experience, turnover, and absentee rates among the private drivers and mechanics. In short, while Greyhound paid its employees less, the Miami ridership got what Greyhound paid for, less effective service. And I might add what one rider in Miami said, "I didn't mind when the bus was a little late when it was operated by the authority, but now with the private company, it doesn't even come at all."

The ultimate cost of privatization, though, can be simply revealed by looking at the buses themselves. Greyhound walked away from the PEP project to return the buses to the Miami authority, stock paid for by the UMTA dollars, in a complete state of disrepair. Any proponent of forced privatization should be compelled to walk through the warehouse where the cannibalized, leaking, now unusable buses operated by Greyhound are kept. It will reveal in starkest possible terms the true cost of privatization. I also will say that the buses are unusable. The routes that they have operated on now have been turned back to the authority. The ridership on the PEP routes have found alternate transportation, and now the Authority must get the public to come back to ride them once again. It was a complete disaster.

Clearly, this policy is unworkable. TWU strongly recommends that Congress amend the act to require UMTA to remain neutral with respect to contracting out decisions.

On labor protection. To it's credit, UMTA has not proposed elimination of 13(c). However, we strongly believe that certain loopholes in the law should be closed. In particular, UMTA has proposed deletion of 13(c) for so called demonstration grants. Yet, many such grants represent significant privatization initiatives. In any case, I see no reason why an authority should be allowed to circumvent negotiations with the union on any Federal grant which may affect our members.

Drug testing. TWU remains opposed to legislation mandating the imposition of drug and alcohol testing, especially random drug testing, as a condition for the receipt of Federal transit grants. Over 80 percent of the urban mass transit industry is engaged in massive drug and alcohol testing, employing pre-employment, reasonable suspicion, post-accident, and other testing as part of a negotiated agreement or employee practices. We have such programs in New York and Philadelphia.

The Committee has not received nor has UMTA presented any evidence indicating a need to legislate any additional testing at this time. Indeed, the experience in the airline industry indicates that the cost of random testing programs far exceeds their value in removing drug impaired personnel from the work place.

Mr. Chairman, I thank you very much, and I will answer any questions that you have.

Mr. MINETA. Thank you very much Mr. Leitz.

Mr. Molofsky.

Mr. MOLOFSKY. Thank you, Mr. Chairman.

First, on behalf of my president, Jim La Sala, I express the ATU's appreciation to be here to discuss not only our comments on the Administration's program, but our recommendations for the reauthorization bill itself. We represent, as you know, 160,000 public transit employees in the United States and Canada. We appear here not only in concurrence with the TWU, but with the AFL–CIO and it's recently formed Transportation Trades Department. We have attached ATU and AFL–CIO resolutions in support of our statement. We support not only recent remarks by yourself, Mr Chairman and others on the committee, but witnesses here today in underscoring the compelling needs to increase and indeed expand our nation's mass transit operations. In almost every respect, from service, air quality, traffic congestion and energy conservation, it demands no less and we support that.

We have, as you know, prepared a fairly comprehensive statement outlining our concerns. At the front of it we have highlighted our major positions. Let me run through those, if I may somewhat quickly and briefly summarize some aspects of our testimony and then of course answer any questions.

As you can see, our 10-point program includes passage of a 5-year bill with expanded funding up to or over $6 billion by raising of the gas tax, if possible, and to pay for it; maintaining and increasing Federal operating assistance; retention of 13(c), Collective Bargaining and Job Rights with guarantees that they apply to all the capital, operating and specialized transit grant programs under the act; limitations on UMTA's privatization mandates and regulations to insure that the choice of public and private transit is a local decision, determined free from Federal regulations and guidelines.

We, the ATU, and indeed all of transit labor remain opposed to any new mandates involving random and other drug and alcohol testing; we also seek to retain the existing Federal-local share ratios; General Fund support, and lend our support to pending bills to eliminate the bias with respect to the taxation of employer provided transit passes.

When we look at the Administration's bill in comparison to our own program we are struck that while they have good intentions in seeking to increase and expand the program, their proposal before the Committee really falls short of what the Nation needs. They don't provide for any real increases in Federal capital funding. They seek sharp reductions in operating assistance. They would reduce the Federal-local share ratios, and maintain, of course, so-called competitive bid or privatization requirements in such a manner as to remove local decision-making regarding the selection of public and private providers.

With my remaining time, Mr. Chairman, I'd like to focus on basically three of the issues that I just mentioned, by providing some detail and background.

The first certainly has to do with the labor protection requirements under Section 13(c) of the act. While it's true that the Administration proposes no substantive change in those protection they do have in their proposal a series of provisions that would for the first time allow the Secretary of Transportation to waive their application to certain specialized transit grants, for example, the demonstration and privatization projects under Section 6, and possibly the expanded service operations for the elderly and handicapped. We have also recently identified what may be a question involving the flexibility program as well. We, of course, could not and will not support any legislation that removes the necessary and vital labor protection requirements to the programs funded under the transit act. I think you well know that our record in terms of the application of those projections has allowed for an extraordinary industry and labor partnership enabling the transit industry and it's services to expand and respond to changing needs over the last three decades. The record of administration under the Section 13(c) program has uncovered no real problems requiring any legislative changes in terms of the substance nor application of those programs.

As our testimony highlights, last year we processed almost 500 grants. In the ATU, processing time averaged only 13 days; and those grants involved the entire range of transit service operations that are now funded under the act—specialized transit operation, regular capital and operating assistance, para-transit, privatization elements, and other entrepreneurial and suburban mobility grant programs, etc. There is indeed no reason to make any modification in this area. We note also for the record and would refer you to some of the legislative history under the ADA Act, which underscored the Congress' desire that the labor protection requirements certainly should apply in ways compatible with the Act, allowing transit labor to implement these projections as services in response to that Act are funded.

The second area I would like to call to attention has indeed to do with the privatization area that president Leitz referred to. Despite repeated Congressional directives that UMTA remain neutral with respect to the choice by grant recipients, of public or private transit provides UMTA, through application of it's privatization circulars issued under sections 3(e), 8(c) and 9(f) of the act, has indeed established a preference for involving the private sector in public transportation.

Let me make our position fairly clear The question before the committee is not to eliminate or favor a public or private operation. The question is where the choice for public and private operations should lay, and that, I would advise the committee, should remain with the local decision-makers. UMTA should play no role in prescribing the conditions under which those transit agencies and potential recipients should evaluate their transit choices, nor the conditions for making those selections. The agencies are responsible for meeting community needs in a responsible and efficient way and they shouldn't have UMTA second guessing them.

only prescribing so-called fully allocated cost standards that skew the decision-making in favor of the privates and present false savings to those decision-makers.

We have proposed a series of suggestions to the committee urging, one, that the new bill direct UMTA to remain neutral with respect to the choices; two, that there should be an elimination of any requirements of the so-called fully allocated cost methodology in evaluating service choices; and three, that the local transit planning agencies should remain free to develop their own plans and programs without UMTA determinations as to how they've applied private sector initiatives in implementing those plans and programs. Like the TWU, our own experience in an increasing number of cities that have chosen to privatize has proved dismal and at times mixed at best. Recently the city of Denver, transit system contracted 20 percent of it's service and found that it's costs increased over $9 million above what it would have cost if the system had retained that service. There were serious and significant service, safety, maintenance problems, and employee turnover problems. We have presented a summary of some of those experiences as part of our attachments and can present the longer report at the appropriate time.

Finally, I would conclude with a quick note on the area of drug testing. Mr. Chairman, we remain opposed to any new mandates in this area. Transit labor, along with the industry itself has been responding to the use and abuse of drug and alcohol in the work place for 30 years, long before the Congress took it up as an issue. The record in our industry is an extraordinarily safe one. There has never been any contrary presentation to this committee, indeed UMTA when it was issuing it's original guidelines that were revoked following a court case, could uncover no evidence of a safety problem in the industry and presented no data in support of any new mandates in this area. Over 80 percent of the systems in the United States are already testing with major programs coupled with rehab, employee assistance programs that have been collectively bargained and implemented and we think that's the structure that should remain.

I would close as I began, in support of statements by yourselves and other witnesses that the ATU and transit labor stands in support of an expanded Federal mass transit program. We support efforts to increase the level of funding. I would be delighted at this point to answer any questions you might have regarding my testimony.

Mr. LEITZ. Mr Chairman, with me is my associate and my legislative director and counsel, Arthur Luby.

Mr. MINETA. Mr. Luby represents you very, very well, Mr. Leitz. We're very familiar with him and he does a good job.

Mr. Leitz, in your testimony, you state that 80 percent of the employers in the transit industry are currently drug testing their employees. Putting aside the issue of random drug testing, which I continue to have concerns about, would there be any advantage in having UMTA bring some national uniformity to the transit drug testing programs in existence across the country?

Mr. LEITZ. In mostly all our properties now the pre-employment is testing, the post-action is testing, the reasonable suspicion is test-

ing. We're having a great thing throughout the whole country on random testing now, but the facilities that we're using around the country now are not able to handle that mass testing and we're running out of laboratories. Some of the laboratories have not been qualified to do the testing, so at this moment to get a standard system around the country is a little bit too soon to evaluate that. In your own state of California we had a random testing in San Francisco which has been completed.

Mr. MINETA. What about the competence of the test, the results themselves?

Mr. LEITZ. My only experience with the competency of the test is that of New York City. They had to throw out all the tests and the people that they had discharged and were out of work for almost a year, they had to restore them to the job and pay them one year's back pay and it was very costly because they didn't know where the test belonged. They had their workers mixed up and everything else and they finally have agreed on a new laboratory. I hope that works out. Maybe my colleague, Bob, has had more experience with it.

Mr. MOLOFSKY. There has been some legislation pending in Congress to set some uniform standards for labs as they would administer testing. Some of the problems that we have had with the mandated proposals is that they would interfere with collective bargaining and negotiating rights that labor has under Federal and State law, which require that such programs be the result of negotiations among the parties. Mandates would interfere with that long-standing right to bargain.

Mr. MINETA. I don't think I'm talking about mandating. What I'm saying is that given the fact that there's already such a very large number of tests being done, and that close to, as Mr. Leitz said, 80 percent of the employees of the employers in the transit industry are now drug testing, should we do something about uniformity in the drug testing program in order to get away from that kind of maybe the competency of the people who are administering the tests?

Mr. MOLOFSKY. I think in that area that we would support your efforts. Absolutely. We would welcome it and we have argued in other committee forums about the need to standardize the methodology for testing and the lab controls and standards and safeguards to ensure that whoever might be tested is tested properly. That's, of course, a separate question from what might trigger the test in the first place, which is where we've had some concerns. And I gather your effort is in the area of assuring competence and quality when something triggers it, and that I can assure you would have our support.

Mr. LEITZ. I think that would be a perfectly appropriate initiative. I think the only fear that any of us would have is it be used for another mandate for random. Other than that, I think it is a good idea.

Mr. MINETA. That is not my interest at all in terms of any form of mandate.

Mr. Molofsky, in your statement you referred to the fact that the ATU has a record of processing more than 86 percent of the 13(c) arrangements presented to you within one month and I think

that's commendable that you've been able to do that in that kind of a period of time. Just out of curiosity, tell me about that 14 per cent. Would you give us an example of the kinds of circumstances surrounding the 14 percent and why those arrangements were delayed?

Mr. MOLOFSKY. Several reasons. First, they include grant applicants who were coming to the program for the first time. The majority of the certifications under the 13(c) program that are issued involve reapplication of previously negotiated capital and operating assistance 13(c) protection arrangements. Where a new applicant is coming in for a grant, for the first time, it would require the parties as Congress mandates to sit down and negotiate an amount that satisfies the act's requirements and have it subsequently approved by the DOL. That's number one.

The second reason, and again I think the 14 percent, if you look at the numbers, might involve 20 to 25 total projects, so I think that you have to keep that in perspective. There are a number of cases where transit applicants have sought to remove provisions that have been in their 13(c) agreements for 20 years, for no new or valid reason and that has lead to a briefing schedule and negotiations and decision-making process within the Department of Labor that can prolong the process.

The third area, of course, involves efforts by the parties to respond to what are unique needs raised by particular issues raised by particular grants. We may not be piggy-backing old arrangements, we may not be fighting or discussing or negotiating over removals. We may in some of those cases be seeking to secure arrangements under the auspices of the DOL for the appropriate types of projections that a particular grant would require. There are, I must tell you, a few occasions that UMTA has sought to involve itself in the 13(c) process without any legislative role and that on occasion has prolonged the process unnecessarily. That for us has been a problem, most recently in Phoenix and a few other cases. Of course the Congress has always mandated that that's the sole responsibility of the Department of Labor.

Mr. LEITZ. I've had two years experience before becoming International President, I was Director of the Transit Division and possibly in 10 years time, because all UMTA grants come before my desk, we only had trouble with two. One was worked out in Columbus, Ohio which was a pilot project and naturally we rejected, to the Miami project with Ralph Stanley.

Mr. MINETA. Mr. Riggs?

Mr. RIGGS. Thank you Mr. Chairman.

Mr. Leitz, I'm curious to get your views on this question of flexibility which has come up several times today and want to make sure that I understand your opposition to that aspect. Do you see a way we can have flexibility without providing for interchangeability between funding sources, between highway and transit programs?

Mr. LEITZ. Well in my long experience in transit on Federal operating assistance, public transit has always come out on the short end of highway funds.

Mr. RIGGS. We want to do something about that.

Mr. LEITZ. I hope you do. I think we should get a lot more money in transit. You're talking about flexibility there. They just don't have the funds. Where the need is out there, they just don't have the funds to start their own pilot projects, to get the people in the suburban area to come to work in the city because there is no public transit.

Mr. RIGGS. So you're concern is simply what you perceive to be a funding short- fall for transit. If we were to do something about that, if we were to make a significantly increased funding commitment to transit, then you wouldn't necessarily be opposed to the idea of flexibility and interchangeability between funding sources.

Secondly, you also expressed concerns regarding privatization. Does that just assume that mass transit or public transit is a losing proposition, something that always has to be subsidized with the taxpayer's dollar and can never turn a profit under private ownership and management.

Mr. LEITZ. I have been associated with public transit now some 43 years. I'm a bus driver. I started out in New Jersey with private companies. I would say to you that those private companies had the best management you ever wanted to see but they couldn't survive. If they couldn't survive in those times, I'm talking about the 1950s and the 1960s, then in the 1970s they had to go into the Transit Authority. No one can come into this industry today unless they cherry pick a line. They cherry pick one of the better lines. We have privatization today because of deregulation. If you go in Miami along Collins Avenue you'll see vans going up and down, what we call "Chippy Vans," scooping up people. Is that the kind of privatization we're talking about. I don't know any private operator that wants to come in without some good line that's now in existence. I thought deregulation was going to provide service where there was no service. I thought that's where the private operator would come in. Provide service to the public out in the rural areas or whatever you want. But that was not the idea of the private operator. The private operator wants to grab something that's already established by the authority. When you take that private line, then the authority needs more operating assistance when you take their profitable lines away from them.

Mr. RIGGS. To the other two gentlemen, do you see a role for private sector, private enterprise involved in providing public transit needs?

Mr. MOLOFSKY. Yes, the point we're making is not to eliminate any role for private sector in public transit. It exists and our unions represent public and private operations. I think the record should show in the studies of the Economic Policy Institute that we have attached to our statement, and experience in many cities which have sought to contract away existing services for their regional operations is that it doesn't always work. The problem that we are presenting to the committee is that UMTA should not be in the position of controlling or mandating those choices and that's the system now in place.

The Congress has repeatedly said that the proper role for the Federal Government should be to stay neutral in these matters. They should not mandate the cost accounting system that evaluates whether or not it's wise to do it. They shouldn't second guess

the local Section 8 planners and the Section 8 programs that come in as to whether they have done a good job or not. It is indeed a local decision to make for itself under it's own terms and we'll deal with those claims. That has not been the history and the practice of the program and that remains our problem and that's why the issues that we've raised in our testimony are targeted towards securing provisions again mandating that the Federal role be one of neutrality. not total elimination of one form over the other. That's not our interest nor our goal. We support 9(f) of the act which has called for the involvement of the private sector in the development of those programs. The way UMTA in its privatization guidelines has chosen to implement 3(e) and 8(d) goes well beyond what Congress ever intended, and has created preferences, mandates, controls, second guessing, and appeals processes that have prevented the local communities from making their own choices, and that's been our problem.

Mr. RIGGS. Thank you.

Mr. MINETA. Thank you very, very much for your testimony here today and we appreciate your participation.

Mr. LEITZ. Mr. Chairman, could I make one personal remark. The transit industry has changed and especially the urban transit where they take the people to work and they take them home and they used to take them shopping but now the shoppers go to the malls. The buses are utilized from sometimes 9:00 in the morning to 4:40 in the afternoon.

The transit authorities around the country used to charter work. They used to take Boy Scouts, Girl Scouts, senior citizens on charters and they used to pick up additional revenue and also the workers used to pick up additional money. Sometimes it meant millions of dollars to transit authorities. They didn't make the field level and they said that if you're receiving operating assistance, you can't do that if there's a private operator in the area. The private operator now does that charter work and then he comes in on an unregulated and he steals the passengers the day that he doesn't have a charter. I think that the Transit Authority should be able to utilize her equipment and their workers and do this charter work to bring additional monies which is so needed in the transit authorities today.

Mr. MINETA. Thank you very, very much, Mr. Leitz. Thank you Mr. Molofsky.

[Mr. Molofsky's prepared statement appears on page 870.]

[Mr. Leitz' prepared statement appears on page 865.]

Mr. MINETA. I would now like to call forward a panel made up of Mr. Alfred B. LaGasse, III, chairman, Coalition for Transit Opportunities and executive vice president of the International Taxicab and Livery Association; and Susan Perry, senior vice president, Government Relations, American Bus Association. The prepared statements of our two witnesses will be put into the record.

Mr. LaGasse, would you like to start first?

Mr. LAGASSE. Certainly.

**TESTIMONY OF ALFRED B. LaGASSE III, CHAIRMAN, COALITION FOR TRANSIT OPPORTUNITIES; EXECUTIVE VICE PRESIDENT, INTERNATIONAL TAXICAB & LIVERY ASSOCIATION, ACCOMPANIED BY JAMES Mc LARY, PRESIDENT, TRANSPORTATION MANAGEMENT SERVICES, INC.; AND SUSAN PERRY, SENIOR VICE PRESIDENT, GOVERNMENT RELATIONS, AMERICAN BUS ASSOCIATION**

Mr. LaGasse. Mr. Chairman, my name is Al LaGasse and I serve as chairman of the Coalition for Transit Opportunities. Founding members of the coalition include the International Taxi and Livery Association, of which I am the executive vice president, the American Bus Association, the National School Transportation, the United Bus Owners of America, the Airport Ground Transportation Association, and several private transportation companies These diverse groups have joined together to form this coalition to ensure our continued role for the private sector in meeting this country's public transit needs.

The Coalition's two specific goals are 1) to preserve the Urban Mass Transportation Act provisions 3(e) and 8(e) as written in 1964 and interpreted in statute and guidance by UMTA since that time and 2) preserve the more recent Charter Bus Regulations in their current form.

Sections 3(e) and 8(e) of the act simply call for the private sector to have a fair opportunity to provide services under contract to public transit authorities. There is no mandate that contracting take place and there are no quotas for contracting. There is no Federal guarantee that there will ever be a contract with the private sector. All that Sections 3(e) and 8(e) assure is that the private sector is given a fair opportunity to participate in the Federal Mass Transit Program. It should also be noted that when the public sector does decide to take advantage of contracting with the private sector, the public sector retains full control over the service by means of the contract. The public sector controls what services are contracted. They also control the standards and safety requirements and of course the fare.

The fact of the matter is that while there are no Federal mandates for contracting, the public sector has found it advantageous to contract. The numerous examples of successful contracting include: In Los Angeles, Price Waterhouse reported improved safety and service quality as well as a 50 percent savings on compatible contracted service. In the San Diego, since 1979, the competitive contracting has proven long term benefits. Since the introduction of contracting in San Diego, their savings relative to the average public transit industry's cost have exceeded $100 million. In the San Francisco Bay area, nearly 300 buses currently contracted for public transit service. In Dallas, more than 200 buses are under contract. In Seattle, Snohomish County is now saving more than 30 percent with its competitively contracted express services. Ridership has increased 100 percent in three years and service quality has improved. In Denver, a savings of 27.5 percent has just recently been projected for next year, based on a certified independent audit performed by KMPG Peat Marwick.

In addition to the financial savings, the Peat Marwick audit determined that services provided by private operator contractors were equal in quality and safety to those in public sector transit.

Mr. Chairman, we would like to introduce for the record, a complete copy of the Peat Marwick study.

[The referenced study "Performance Audit of Privatization of RTD Services" may be founds on p. 810.]

Mr. LAGASSE. Sections 3(e) and 8(e) of the Urban Mass Transportation Act provide public transit with a valuable tool and they provide private operators with an opportunity to do what we do best. The teaming of public and private transit operators has also proven to give the operators the best of both worlds, high quality service at an affordable price. We urge the Committee to leave Sections 3(e) and 8(e) of the Urban Mass Transit Act as they are.

The second issue of vital concern to our coalition is UMTA's charter bus regulation issued in 1987. This regulation states that if an unsubsidized operator were available and willing to provide charter service, then it should not be provided by publicly subsidized operator. Under certain circumstances such as a special event or a situation where no private carrier is able to serve the area, then the public authority would be authorized by UMTA to provide the service. The Charter Bus Regulation is working. The vast majority of public transit authorities are dealing with the regulation. In the four years that the current regulation has been in effect, complaints from the public sector have been minimal and for the most part they have been solved to the mutual agreement of the public and private provider.

Again, Mr. Chairman, we urge the committee take no action on UMTA's Charter Bus Regulation.

In conclusion, we're probably the only group that will appear before you today to address this committee and ask for neither an increased funding nor any language modifications. We simply request that the private sector provisions of the Urban Mass Transportation Act and their attendant regulations and guidelines be left as they currently are. This will allow the private sector to continue partnerships with public authorities, which will benefit the public transit riders.

At this time, Mr. Chairman, I would like to introduce Mr. James McClary. Jim is president of Transportation Management Services, a firm that manages and operates several para-transit and bus-transit services under contract to public authorities. He'll be available to answer any questions and get firsthand experience on private operator's contract with the public sector. Of course, Ms. Perry, here with the American Bus Association can handle the bus issues

Mr. MINETA. Very well.

Ms. Perry if you would like to go ahead with your statement.

Ms. PERRY Mr. Chairman members of the subcommittee, for the record my name is Susan Perry I'm senior vice president for Government Relations of the American Bus Association In addition, as Al said, ABA is a member of the Coalition for Transit Opportunities. Since he covered so well the competitive contracting and the charter bus regulation issues I will not cover them They are in

my written statement and I will be happy to answer any questions you have but I won't go into them at this time.

ABA is the national trade association of the intercity bus industry. We have several thousand members, some 700 of whom are bus operators engaged in intercity regular route, charter and tour, transit and commuter, and airport bus services. We appreciate your affording us the opportunity once again to be here today and to talk with you as you develop the surface transportation assistance act for this year.

Intercity bus, by way of background, is the only system of low cost intercity public transportation in this country and it is the intercity transportation network also for rural America. A report done by Robert R. Nathan Associates in 1989 entitled, "Federal Subsidies for Passenger Transportation—From 1969 to 1988—Winners Losers and Implications for the Future," pointed this out. Quoting from their report, "The intercity bus industry, despite the difficulties it has faced competing with the highly subsidized modes of passenger transportation, has continued to provide a critical transportation service to many Americans who have few, if any, alternatives." With your permission, I would like to submit for the record a chart from their report that details the demographic distributions of intercity passenger miles by transportation mode.

Despite the critical role we play as the primary carrier, and I think the chart that you will have shows this, of the old, the young, the poor and those in rural America, all of whom could be classified as transportation disadvantaged—at least transportation dependent—federal transportation programs have ignored us while heavily subsidizing competing modes. Only three-tenths of one percent of Federal transportation assistance over the 28 years covered in the Nathan Report has been received by the intercity bus industry while air passenger transportation received 49.3 percent and intercity rail passenger transportation received 11.6 percent. This imbalance, or the unlevel playing field that we've heard referred to a number of times today, has been a major cause of the steady decline in intercity bus service over the last several decades. Again, according to the Nathan Study, in 1960 intercity bus served more than 20,000 points in the U.S. In 1988 we served better than 10,000 and now we are serving just fewer than 10,000.

Much is being said currently about the benefits of intermodalism. Certainly members of the Executive Branch of the Government and of this committee have been particularly vocal on the subject. Given its flexibility, the intercity bus is uniquely suited to achieving the benefits of intermodalism. We provide public transportation on highways but we are capable of connecting to all other modes at airports, train stations and transit centers. Intercity buses therefore can serve as universal connectors in linking highway public transportation with transit systems, airplanes and trains.

We have several specific recommendations, which I would like to outline for you, which we believe the twin objectives of enhanced intermodalism and a strong low cost rural transportation system. The Administration has included some similar recommendations in its proposal and in addition to theirs, we have some recommenda-

tions of our own from the industry that we believe need to be included in any legislation that this committee comes up with.

The first of these is the inclusion of intermodal transportation centers as eligible projects for funding in the highway program. Multipurpose facilities could be located in the right of way adjacent to an interstate access ramp. They could include a park and ride lot and a small terminal, probably housing both intercity and local transit service. These centers facilitate intermodal connections to the fullest. They make both transit and intercity services more attractive. They encourage more productive use of the highways. As I said in testimony to this subcommittee last spring, the private bus industry would be a rent paying user of the facility, thus affording it some income. In return, we would receive a new safe and clean facility to use. We would be paying our own way to use the facility but we do not have available construction capital to build it.

Secondly, we recommend the inclusion of projects to enhance and support intercity bus service as eligible projects in any rural highway program. Now again, these were based on the delineations that the administration had in its proposal. States, we believe, should have the flexibility to use their rural highway money to fund projects to support intercity bus operation. Intercity buses serve as I said earlier just under 10,000 communities. Air and rail combined these days serve fewer than a thousand. If the statewide intermodal planning process recognizes intercity bus projects as high priority, then the state should be able to fund them under the rural highway program.

Third, our recommendation is the inclusion in the transit program of projects that facilitate the coordination and connection of intercity bus services with transit services. Language now exists in the UMTA Act. It merely needs to be extended and clarified, particularly in section 18 to include intercity bus and projects that coordinate intercity bus with other rural modes of transportation. Constance Garber, who testified earlier for the Community Transportation Association of America, described this in her answer to your question about intracity and intercity and would there be a conflict and she said it would be complementary services rather than conflicting or competing and that's what we mean in there.

Fourth, we recommend—and we went into this in the testimony last spring—provision of a federal standard of 45 feet for maximum intercity bus lengths. This enhances productivity by giving us almost a 20 percent increase in seating capacity and one-third more cargo space. Also, the provision would correct what we believe is an anomaly in existing law: that is that the same standards are provided for truck and bus weights and widths but length standards apply only to trucks. Buses, therefore, are left with a hodgepodge of state limitations that in effect limit them to a length of 40 feet while truck trailers, according to federal law, may be as long as 48 feet. Since we are engaged in interstate commerce, this particular lack of uniformity makes it difficult if not impossible to carry on our interstate business. Based on prototypes that have been redesigned and engineered from the ground up and are now built, we know that a 45 foot bus can meet all federal size, weight and safety standards. We recently have provided committee staff with a paper containing detailed information on the 45 foot proto-

type bus and we would be happy to meet with you and discuss it with you further and to bring the engineers and the manufacturers in to talk with you about it.

Having touched on the subject of uniformity, I would say just that we agree with the Administration's proposals for uniformity among the states in the matters of operating authority, registration and fuel tax. These again are in the administration's bill. We would like to be sure that we are included along with motor carriers of property in any such provisions that you might enact on these subjects.

Finally, my last point, we urge the provision of a 90 percent federal share for the development of high occupancy vehicle lanes as an incentive for this cost effective management tool which we believe would reduce urban congestion to a large extent. Intercity buses uniquely face congestion getting in and out of every single area in the country and we, therefore, see HOV lanes as the best and most cost effective way of alleviating this problem.

I thank you for your attention. I know the hour is late. I'll be pleased to answer any questions that you might have at this time. Thank you.

Mr. MINETA. Thank you very much, Susan.

Mr. LaGasse, in your testimony you referred to the private bus service that Cobb County, Georgia operates. Does the subcommittee need to ensure that some regional public entity such as MARTA, continues to coordinate regional transit service so Cobb County's private transit operator is not competing for riders with another private operator which MARTA might contract wit?

Mr. LAGASSE. If the planning process, the MPO planning organization, I'm not totally familiar with the MPO in Cobb County, but certainly the planning requirements would account for determining who operates in what area and make sure as came up earlier in the day that you don't have overlapping routes. You have effective utilization of the existing equipment. Does that address your concern?

Mr. MINETA. Well, it's just a question of whether of not there would be competition for riders and whether MARTA or that kind of a regional public entity would continue to be the coordinating center so that you don't run into competition.

Mr. MCCLARY. Mr. Chairman, in the Washington D.C. area, the Montgomery operates parallel in some cases. Alexandria does the same. Fairfax county does the same. And those are all coordinated through the local process through the MPO for the council governments and I believe there are enough other controlling agencies that would control that and eliminate the real need of controlling duplication.

Mr. MINETA. Ms. Perry, on page four of your statement, you say, "We recommend the inclusion of projects to enhance and support intercity bus service as eligible projects in any rural highway program." In the airline aviation business there is something known as the Essential Air Service. Is this essentially what you're alluding to? Some kind of essential bus service?

Ms. PERRY. It's an essential bus service, but I don't think like the Essential Air Service. We're not thinking of a direct subsidy as in EAS, but we're thinking more again on a contract basis. If States

were to see a need for this in their rural areas, they would offer it as a competitively contracted service and then they would end up awarding a contract to a private company or a public company, whoever answered the RFP or however it's awarded. It would be a contract situation rather than as, I understand it, an EAS that's just a straight subsidy. I don't think there's any contract involved. This would be a question of bidding on a contract to provide a particular service and then whoever won that bid would be awarded a certain amount where the contract with stipulations as to what that service is to be. So I think it's much less broad than EAS.

Mr. MINETA. About maybe three years ago there were a number of communities that lost intercity bus service. I know there were many communities in California that were seriously impacted by that. Do you think that with this kind of a program there may be the possibility of reinstitution of intercity service to some of those communities?

Ms. PERRY. Definitely. And it has. In New York State, for instance, there are some intercity schedules that are being supported by virtue of subsidy or contract by the State of New York. Now whether they are using Federal funds and syphoning them through, I don't know. But it is service that the State of New York decided needed to be run, that was necessary as part of its transportation program, and was not being run. So I think the answer to your question on California is, yes.

Mr. MINETA. Very well. Thank you.

Mr. Shuster?

Mr. SHUSTER. Thank you, Mr. Chairman.

I have a couple of tough questions for you. First of all, when you mentioned that the cost savings is due to contracting, are you really saying that the savings are realized because of a significantly lower labor wage level?

Mr. MCCLARY. Mr. Shuster, I can speak to that specifically. We have recently seen three public contracts; in all three cases, employees all received raises. Admittedly, they were making very low wages, it raised all of them. All three cases provided health benefits, which they did not have, and in all three cases they got vacation holiday pay, which they did not have. In all three of those cases, our prices were lower than the public sector bid.

Mr. SHUSTER. Let me ask you another one. Some have proposed that UMTA or the Federal Government be taken out of the local decision-making process regarding contracting out of service. Why do you oppose that local option to control?

Mr. LAGASSE. We don't oppose it. The decision is clearly made at the local level. There is no Federal decision as to whether or not a contract is issued. But what UMTA has done is simply put in certain procedures, guidelines, to assure a level playing field. We have some policies mandated at the Federal level—and I'll use the prior panel with Section 13(c), for example—when you add certain Federal requirements for certain types of protections, then you need other Federal requirements to balance it off. All we ask is for a fair chance and opportunity. But UMTA never mandates a contract we issue; that's simply not true.

Mr. SHUSTER. In the last day or so, Washington Metro has announced that it wants to eliminate 40 percent of its transit bus

service to save $11 million because, and I am quoting their release, "the public does not want to see 40 foot buses with only two or three passengers." Do you see any other solution that would allow some level of service to continue? Perhaps Ms. Perry would like to answer that question.

Ms. PERRY. As I understand it, and I only saw the press coverage of what Mr. Gunn was suggesting, there were duplicative routes. What he is trying to eliminate is duplicative routes which has long been a problem in the Washington area system even before the Metrorail but especially since Metrorail. That is my understanding of it, that that is what he is trying to do. That there are two or three passengers, whatever that figure was, that people are seeing on buses because they are duplicative or the headways are too short.

Mr. SHUSTER. What's wrong with offering a 16 passenger bus or a 11 passenger jitney?

Ms. PERRY. That's all right——

Mr. MCCLARY. If I may, sir. I am also chairman of the Private Providers Task Force here in Washington, D.C., and I am representing about 13 companies and over 400 vehicles. But we have been talking with WMATA, we have been talking with the jurisdictions, and we have made ourselves available to provide that kind of service. It is not the mainline service that we want to take over. We would be glad to go in and provide them alternative costing where we could operate smaller vehicles, with vans, with body on chassis vehicles, and those vehicles are available. And we do that in the area now and we would be in a position to continue it.

Ms. PERRY. If I may add, I think this is a perfect example of local decision-making and what the answers to the needs are locally.

Mr. SHUSTER. One final question. You've cited many positive experiences the cities have with regard to the competitive contracting process. But we have also heard opposite experiences occurring in other cities. To what do you attribute the difference between these positive stories and these negative stories? I presume they are both factual except there are different experiences in different cities. What's the difference?

Mr. LAGASSE. I am sure we can all answer that, but I'll take a stab at it, if I may. There was one example of not terribly successful private sector contractor and several many more examples of where they have succeeded. The contract itself, the document, the procurement process often outlines whether the system is going to be successful. If the public sector issues a bad contract, they may indeed get bad service. So it is important for UMTA and those of us in the private sector an APTA and those in the public sector to educate each other on what constitutes a quality contract that will assure quality service. Bad contracts do lead to bad service.

Mr. SHUSTER. Be more specific, if you would, please. Give me an example of a bad contract or a bad provision in a contract.

Mr. MCCLARY. Let me give an example of a situation that we're still operating in and it is not, in my mind, the kind of service that I want to operate. We took over a contract for a public agency and they had 21 vehicles that we had to assume. We have been operating that contract for going on four and a half years now. Three of those vehicles have been replaced, all of the vehicles have over

125,000 miles on them—I'm talking about vans, school buses basically—and we are spending tons of money holding that together because the vehicles haven't been replaced. It is a situation where we inherited something that was already there. If it had been our preference———

Mr. SHUSTER. But couldn't I argue—taking that example—couldn't I say, wait a minute, you guys entered into a contract. Why shouldn't you have looked at that and why shouldn't you have said we don't want this contract unless there are maintenance provisions that are spelled out in the contract.

Mr. MCCLARY. And we did and we offered to them an alternative of providing———

Mr. SHUSTER. I mean, if nobody put a gun at your head and told you you had to take the contract. You took a bad contract.

Mr. MCCLARY. Correct. And we offered them an alternative providing them brand new vehicles. They did not want to pay for it. And so, no, I am not complaining, sir. I am giving an exampl of———

Mr. SHUSTER. Then why shouldn't you, as a prudent businessman, reject it; say we don't want to do business.

Mr. MCCLARY. I could have walked away from it. I did not. I chose not to. To be honest with you, part of it was marketing strategy, it was my first entry into the State. I went into it with the idea that we would use that to build on. You are correct; as a prudent businessman, if I look at the bottom line, I should have turned around and walked away from it.

Mr. SHUSTER. Thank you.

Mr. MINETA. Mr. Swett?

Mr. SWETT. I have no questions, Mr. Chairman.

Mr. MINETA. Let me thank the panel for their presentation.

[Mr. LaGasse's prepared statement appears on page 806.]

[Ms. Perry's prepared statement appears on page 945.]

Mr. MINETA. At this time I would like to call on Mr. Douglas Korves, Douglas Korves Architects, New York. He's a member of the American Institute of Architects and the Livable Communities Coalition, and president of the New York State Association of Architects.

Mr. Korves, your statement will be made a part of the record. So if you would proceed in your own fashion.

**TESTIMONY OF DOUGLAS KORVES, DOUGLAS KORVES ARCHITECTS, NEW YORK; MEMBER, AMERICAN INSTITUTE OF ARCHITECTS AND THE LIVABLE COMMUNITIES COALITION, PRESIDENT, NEW YORK STATE ASSOCIATION OF ARCHITECTS, ACCOMPANIED BY AL EISENBERG, SENIOR DIRECTOR FOR GOVERNMENT AFFAIRS, THE AMERICAN INSTITUTE OF ARCHITECTS**

Mr. KORVES. Thank you, Mr. Chairman, and members of the subcommittee. My name is Douglas Korves, and today I am representing the American Institute of Architects and the Livable Communities Coalition. The Coalition is composed of 21 professional planning, design, environmental, and historic preservation organiza-

tions. If I may, I would like to submit a list of these organizations for the record.

I am an architect with my own firm in New York, and I am president of the 5,000 member organization of New York State Association of Architects.

I want to thank the Chairman for this opportunity to present our views on surface transportation reauthorization legislation.

Our message is simple. Federal transportation policies must be changed for the sake of our communities' future. This year's reauthorization offers an extraordinary opportunity to do it. The AIA and its coalition have developed the Transportation for Livable Communities Act, a copy of which I have also submitted for the record. This measure creates the framework for change by significantly strengthening the linkage between transportation and community planning and improvement.

Federal transportation policies have had enormous influence on the way our country has grown and developed. The Federal Highway Program, begun for national security, has helped bind the Nation together. It has ended the isolation of the rural areas, and fueled world class industries that provide employment to millions. Yet by giving full throttle to the automobile, these same policies have also helped create rampant overdevelopment that has depopulated downtowns and overcrowded the suburbs. Too often we have laid out our highways first and considered the effects on our communities and natural resources later We have turned farmlands into Interstates, wetlands into causeways, neighborhoods into freeways, and green belts into beltways. We have paved over our scenery and history, and we have blanketed our cities, suburbs, and even our national parks with smog. Low density development has sprawled over the landscape, imposing on us enormous dollar costs. But there has also been a social cost. Workers no longer live near their work; shoppers no longer live near their shopping. We have headed down the highway to the suburbs to experience the freedom of life on the open road, only to sit stalled in traffic on our way to work.

Without an end to the business as usual approach to this Nation's transportation needs, many localities will cease to function as livable places. If I may quote the chairman of the Washington, D.C. Task Force on Growth and Transportation, "We have seen the future and it doesn't work."

The Livable Communities Coalition believes there must be a better approach. This better approach starts with coordinated planning that makes transportation more than just an exercise in getting from one place to another. Good planning equals conservation. National policy should ensure that each transportation project is considered in light of its contribution to community livability and fits within the environment of the locality it serves. National policy ought to be concerned with moving people and goods—not just automobiles—and should care about what happens along the way.

Unfortunately, current law pays scant attention to transportation planning. In fact, the use of rock salt receives greater emphasis than planning. The Administration's surface transportation bill

is an improvement over the current law's almost total neglect, yet its provisions fall short.

Mr. Chairman, I would like to take the balance of my time before the subcommittee to focus on the Planning and Transportation Enhancement Act activities provisions of our legislation.

In our legislation, Title I would strengthen the link between comprehensive and environmental planning and transportation investment decisions. It would require State and local transportation plans to make the most efficient use of existing facilities, as measured by the movement of people and goods. An essential provision would require that State and local plans promote land-use patterns for residence and employment that makes mass transportation more attractive and feasible. This provision recognizes that high density concentrations of development instead of urban sprawl makes good transportation sense.

Our proposal also requires State and local transportation planners to demonstrate why alternative transportation modes are not feasible substitutes to any proposed expansions of highway capacity. After all, taxpayer's dollars should not be spent on new road construction if another form of transportation is a better idea. State and local officials should not be forced to choose road construction over other modes better suited to their constituents. Consistent with our concern that any highway project must fit its community and its environment, local transportation plans should also be required to conform to other established plans. These include housing, community development, historic preservation, land use, air and water quality and, specifically, the requirements of the Clean Air and Clean Water Acts. Particularly important, the plans would be expected to effectuate ways to reduce auto use in congested areas.

Title II establishes a new category of eligible activities for transportation funding, called transportation enhancement activities. Enhancement would include scenic and historic landscaping projects, demonstration projects to encourage excellence in the design or construction of transportation facilities, rehabilitation of historic transportation buildings, preservation of abandoned railway corridors, and acquisition of scenic, recreational, and historic sites or easements. These activities would be encouraged through a more favorable Federal match for those projects that incorporate them.

Mr. Chairman, there are two other titles. Title III would establish the National Scenic and Historic Highway System. The bill would set aside $25 million for each of the next five fiscal years for projects to protect and enhance highways, Federally funded and otherwise, that hold a special place in the Nation's history and culture. Title IV encompasses legislation to reform the Highway Beautification Act. Among other provisions, it would restore to State and localities the jurisdiction to remove nonconforming billboards.

Mr. Chairman, may I close with this analogy. Through the practice of my profession, we design and occupy buildings that fit into their environment. We are concerned with our buildings, their appearances, how they are landscaped, how they relate to other buildings, their scale, their context, and how they relate to their communities' histories and culture. We integrate these buildings into

the land use plans that govern them. Should we not have the same concern for those linear structures—our roads and highways? The Transportation for Livable Communities Act will assure that we do through a better planning process and community involvement. We hope that you will include this message in your subcommittee's bill.

Thank you.

Mr. MINETA. Thank you very much, Mr. Korves.

A major focus of the Transportation for Livable Communities Act of 1991 is to strengthen the planning process associated with the Federal Aid to Highway program. Under your proposal, what incentives would be available to the Federal Highway Administration to encourage coordinated planning among State and local governments?

Mr. KORVES. In our enhancement, we have some additional funding proposals. Specifically, we ask that there be Federal sharing up to 95 percent. We also say that for every $2 spent on planning enhancement that the Federal Government provide an additional $1, so that if a community were to spend $100 million on a highway of which say 80 percent would be a Federal share, if it spends another $10 million on planning enhancements—an astounding number to spend on planning enhancement—that the Federal Government would contribute an additional $5 million so eventually that participation by the Federal Government would be an $85 million participation.

Mr. MINETA. Under Title III, you would set aside $25 million a year for five years, but none of that could be used for highway construction.

Mr. KORVES. Each year for five years.

Mr. MINETA. But none of that could be used for actual highway construction?

Mr. KORVES. That's correct, Mr. Chairman.

Mr. MINETA. That would be used for what?

Mr. KORVES. We're proposing in our legislation the Secretary of Transportation would have the discretion to fund projects including the survey of highways for potential designation, acquisition, and rehabilitation of historic facilities related to national scenic and historic highway design, construction, and rehabilitation of landscaping and associated highway facilities, and the design and production of signage and educational and promotion materials.

Mr. EISENBERG. Mr. Chairman.

Mr. MINETA. Mr. Eisenberg?

Mr. EISENBERG. A little texture in answer to your first question. We are part of the Surface Transportation Policy Project and within their large bill that they are proposing there is some additional funding for planning activities above what would otherwise be provided. And while our bill does not pertain specifically to amounts of money other than that noted in Title III for the Scenic and Historic Highways, and doesn't specify a specific dollar amount for the transportation enhancement activities within Title II, the Surface Transportation Policy Project's legislation would provide the kind of funding that should go with the planning requirements that we anticipate and hope that the subcommittee will adopt with respect to Title I of our legislation.

Mr. MINETA. We have a number of proposals before us. One of them, as an example, as I recall, was to set aside 3 percent of the funds for bikeways, something of that nature, I don't recall the specifics. But it seems to me that many of these activities, like bikeways, are eligible under present Federal law. Do you have any idea why States and localities haven't taken advantage of that provision more than they have, given the fact that it is in the existing transportation laws?

Mr. KORVES. I think it might be, Mr. Chairman, because some of the provisions are vague and they are not clear. One of the things that we have requested in our legislation is that 8 percent of funding be used for transportation enhancement issues. I think one of the things that our planning initiatives offer here is the clear encouragement and opportunity of communities to study, if, in fact, they would prefer bike paths. I know in my summer home on Martha's Vineyard that is specifically something that was studied and although not covered by Federal funding, the State and the community did build bike paths in lieu of widening the roads and destroying historic roadways.

Mr. MINETA. Under Title II of your bill, you would create a new category of funding. Part of what I think is attempted also though, although we haven't put the specifics of what we want in a 1991 law, but in looking at the Administration bill as well as trying to think of what direction we're taking, it seems to me what we're trying to do is to consolidate and to reduce the number of categories, increase flexibility, so that we don't have more coffee cans of money for specific things. I am wondering what is it that you would be doing under your Title II that would not be eligible to be done under either present law or maybe what's in the Administration bill as it relates to reduction of categories and increased flexibility?

Mr. KORVES. I think that the biggest aspect of Title II is that it fits the planning into the context of the local community. It moves the community from a reactive position with the possibility of court order stopping a particular project later on in its development, to the community being proactive and being thoroughly involved in the input.

Mr. EISENBERG. Mr. Chairman——

Mr. MINETA. And you don't think that this would get into the kind of controversy we used to get into when I was mayor of Federal land use planning of any nature? That always becomes a bugaboo and I feel that especially today that there ought to be some closer coordination between land use planning and transportation planning. Yet, whenever I start getting close to that line, then I start getting some feedback as to whether or not we're not getting into Federal land use planning and whether or not that shouldn't be delegated to local entities. We saw just recently examples of good planning in the Portland area, where they have transportation corridors, growth belts, so that you have high density development along transportation corridors. They are doing that on a local basis. How do we do that without getting into this sort of Big Brother land use approach?

Mr. EISENBERG. Let me respond, Mr. Chairman, if I can. Th Portland example, and other examples—San Diego, Los Angeles, entire States in some cases, Florida——

Mr. MINETA. I would like to think also that has been done in San Jose in the last several years.

Mr. EISENBERG. Not to leave that out, for sure. We do have these kinds of activities going on all over the country. The fact of the matter is that when it comes, however, to Federal Highway projects, that kind of linkage between the transportation and the established plans—whatever those plans happen to be—simply doesn't exist within the expectation of law. If you examine Sections 134 and 307, the planning is virtually nonexistent, it is simply not there. And our point is that if a community has a land use plan, if a community has plans for providing a certain type of growth, certain kinds of recreational facilities, certain kinds of historic preservation projects, then the Federal Highway project that the locality is interested in implementing ought to respect what the community's plans call for. They ought to be linked. And the transportation project should demonstrate a number of activities.

Within that planning requirement, there is far more flexibility within this proposal than there would be in the Administration proposal because within that planning requirement under this act, communities can make the decision that they would prefer to have some other mode of transportation and, in fact, they ought to really demonstrate that new capacity—we're not talking about rehabilitation, we're talking about new capacity—should in fact be the transportation solution of choice as opposed to other modes. This linkage, in fact, is the key element of this bill—transportation linked to what communities are already planning.

You used the Portland example. An interesting aspect of Portland is that only 1 percent of the people in their suburbs use public transit to get downtown. So you have within that area that is considered a model for planning, you have a situation where you go further out and you find exactly what highway policies have done, which is to push the density out, push the people out, and then let them figure out how they are going to get back downtown in some reasonable fashion.

Mr. MINETA. But they were one of the first communities to abandon a highway route and say we want a transit corridor in that area. As I recall, that was done under the administration of a former Secretary of Transportation Neal Goldschmidt, who said we are going to tie the can to that highway, we're not going to build the highway but we're going to build a transportation corridor, a light rail system.

Mr. EISENBERG. But, again, our highway policies go back before that Secretary of Transportation. The fruit that we're harvesting now is seen in the Portland area, it is certainly seen in the Washington, D.C. area, it is seen in the New York area, it is seen in every major area of this country where there happens to be growth. Now that the communities have recognized that that is bitter fruit, they are trying to do other things to make things better.

Mr. MINETA. From a planning perspective, probably the programs and the policies of the Federal Housing Administration had

probably more to do than anything else with what happened in terms of suburbs being created because the developers or potential homeowners were able to get low interest loans and developers were able to build these communities all over the place without much semblance in the 1950's and 1960's of community planning.

Mr. EISENBERG. And it took a lot of Federal Highway money to make sure that people could get out to those lower cost houses.

Mr. MINETA. Sure. Plus our Water Quality Acts would say, okay, we'll build a sewage treatment plant, we'll build the sewer lines, and everything else. Those probably had more of an impact than what city councils were unfortunately not doing at the time.

You touched on something else. You testified that a net increase of almost 45,000 new billboards was recorded between 1986 and 1989. Yet, the Highway Beautification Act was really to try and contain that. Why do you think that the Highway Beautification Act really failed to control the proliferation of these billboards as was originally intended?

Mr. KORVES. I think the problem stems from the fact, or it might be contributed to by the fact that after 1983, the monies that were intended to be paid to stop billboard proliferation had been ceased. In that time, we have seen if I remember the numbers there have been a few hundred billboards taken down and many thousands put up.

Mr. MINETA. The other problem, Mr. Korves, with some of these figures, I'm not sure what the definition of a billboard is in those cases. Is it the Mineta's fruit stand, putting up a little sign, a little sandwich type stand sign, or is it really what we would consider a billboard in the strictest sense.

But in any event, you say that some parts of your recommendations are controversial. What would you consider to be the most controversial of the suggestions you are making and is there any way of minimizing those controversies or the hardness, so to speak, of those recommendations?

Mr. KORVES. I don't think controversy is an East Coast word. But I think if we were to say what is controversial, it is Highway Beautification Title IV section. I can understand why some people might identify that, the billboard part of our legislation.

Mr. MINETA. You would be supportive of the Administration's bill to allow amortization as a form of compensation?

Mr KORVES. Absolutely.

Mr. MINETA. Thank you.

Mr. Swett.

Mr. SWETT. Thank you very much, Mr. Chairman. It is a pleasure to be on this committee and to hear one of my professional colleagues, or prior colleagues, make presentation of what I think is a very necessary element to our public works and transportation discussion today on the Surface Transportation Act.

It seems to me in talking about these issues, Mr. Korves, that we are suffering in large measure by a lack of public relations in the area of planning as much as by a lack of planning itself. You have explained in great length and detail the need for coordination between communities and the surface transportation proposals that we will be encountering in the years to come. I think that you have made compelling arguments in that direction. I also believe that

we have just begun to explore the complexity of the issue, as my good colleague and Chairman, Mr. Mineta, began to explore when he asked you what was the most controversial or, as I would rather prefer to say, complex issue of the proposal that you've put before us.

I would like to explore that a little further, because I think that exploration could draw out the benefits of this coordinated plan approach which uses the talents of the planning community, and could show where those benefits ultimately would reside. We talked about Portland and the fact that only one percent of the community uses that transportation. How in other instances would we be able to assure ourselves a higher percentage of use, and would that assurance come through this coordinated planning, or is there some other method that accomplishes this goal?

Mr. KORVES. I think the assurance would come and would contribute in great part by the coordinated planning. I think we're going to be forced into coordinated planning if we don't choose it now, if one is to believe the statistics of the people that talk about congestion on highways and the freeways of Los Angeles moving down from their 31 per hour speed limit to 11 miles per hour by the year 2000. When we look at a National Energy Policy and we look at fuel consumption, I think we have to also look at our highways and the planning of them if we're going to have not only the consumption of fuel due to standing in traffic—billions of dollars and billions of gallons of fuel—but billions of dollars of time and lost productivity of this country, as people wait and try to get to work. I would like to think that the astuteness of our legislation will be assuredness. I would hate to think that we would have to live in a doomsday scenario of being frozen in place by our inability to plan our roads and our future.

Mr. SWETT. I want to explore what Mr. Mineta mentioned earlier regarding the impetus. I am intrigued by what is the chicken and what is the egg in this instance. Are we in the same situation we once were, where the location of housing was really the magnet that drew the highway to it as referred to by the Chairman, or do you feel that our situation now is that we should be placing our highways and letting our development expand along those routes? If you could comment on that, I would appreciate it.

Mr. KORVES. I think the model for that is not just the highways, I think the model is probably the transcontinental railroad. The railroad went in and the west was settled. I think of my own region, Long Island. I remember as a boy going out into Al D'Amato's territory on highways and seeing nothing but potato fields. I do think that the highway is the chicken and it laid the eggs of those little boxes all over the place.

One of the things that I do want to stress is that our bill doesn't necessarily say don't build roads. It doesn't say don't build roads; it does say let's look at all the possibilities and let's see why an alternative transportation mode doesn't work, and then let's build a road, whether that's a new road or a mitigation and redesign or enhancement of an existing road.

Mr. SWETT. Let's get onto a more pragmatic level and explore what happens if such a coordination of planning and transportation engineering doesn't take place. Give me your scenario of the

impact if we don't sink 10 percent of our highway funds into this kind of coordination.

Mr. KORVES. I think we'd probably all be sitting in traffic listening to our radios talk about why didn't we plan our way out of this gridlock ten years ago. I think gridlock is the answer to your question—I think just stagnation and lost man hours and working time.

Mr. SWETT. Is it a fair assumption that it would require 10 percent of our Trust Funds for highway improvement to be placed in the planning if we were to implement a program such as you have proposed?

Mr. KORVES. I think we have proposed a much smaller amount, it wasn't 10 percent.

Mr. SWETT. You're not going by architects' typical professional fees? [Laughter.]

Mr. KORVES. As you know, we have a Justice Department restraining order; we cannot talk about fees.

Mr. EISENBERG. If I may, Mr. Swett. There is a distinction between the amount for planning associated with Title I, it is actually a much larger bill that we endorse, and then a percentage set aside within Title II. Whatever amount is made available under this bill, there would be an expectation on a Statewide basis that there be 8 percent for certain kinds of activities—not the planning elements—but historic preservation, improved landscaping, and purchase of scenic easements, and demonstration projects for design excellence, and those kinds of things. Nothing on a specific project-by-project basis, but an 8 percent figure on a Statewide basis, not inconsistent at all, we believe, with what is enlightened practice today.

Mr. SWETT. To what extent are current projects utilizing this approach?

Mr. KORVES. I can think of one project that probably should utilize it. I happen to live in an apartment building that backs up on Trump City, better known as the Pennards, in Manhattan; in fact, my building is the Maginot Line of Trump City. But I am not an adversary of Mr. Trump. And I think of the current debate that is going on. There is I believe an $800 million Federal Highway allotment to rebuild the Miller Highway in place. Maybe Mr. Dinkins spoke of this this morning when he was here, or Ms. Bellamy, and they are talking about spending it when the plan and the land use that the community has finally convinced Mr. Trump is that that road should be built closer in, away from the river, back against a tall granite easement, and you should tear the highway down. But they are really trying to build the Miller Highway, spend the $800 million to do it, and then propose tearing it down in five years, only because it has to be spent and it has to be spent on rebuilding or new highways.

Mr. SWETT. It seems to me that the challenge that you have before you, and I think that it is a commendable challenge, is to be able to justify to the American people not only the tangible benefits that legislation of this nature would entail or produce, but also the intangibles, and those are the much more difficult aspects of any design-oriented profession to justify. I obviously, being of the same profession originally as you, am very empathetic to the legislation as you have put it forward. I think that in its application to

the different projects as they are produced across the countryside in the years to come, it is going to be imperative that there be a very clear understanding of the benefits that this approach brings to each community. And at this point in time we face tremendous budget difficulties, so the very first impact that we're looking at is on the dollar side. I don't offer this as anything new and unusual or enlightening information that you don't already know, but I am just trying to put into context the challenges that we here in Congress must face and the very basic level to which we have to take each of our problems down to in order to evaluate them.

As a proponent of legislation such as this, can you give me in one last summation the clear-cut benefits both in a financial sense and in terms of how they would benefit the quality of life if it were employed? It is considerably different than what we currently are able to see in projects of this nature as they are developed in the country today.

Mr. KORVES. I think there is a two or three part answer to that question. I think the first point is that we're going to get a better productivity in the commitment of funds. Because we are going to have the community planning, the community involvement, we're not going to have the redundancy that we now see sometimes in projects.

I think what's more important is it will result in livable communities. We are going to have a link between transportation and community planning, a link between transportation and land use. We are going to have planners looking at growth and development of communities and not just highways. I think the transportation enhancement sections that we have are going to result in more useful highways, more efficient highways, better use of our existing ones. I mean, we have planned a Nation of highways that we now have to go back and look at and almost in a mitigating way redesign them or enhance them. We have a Nation that I think in the next decade is going to be looking and reexamining how it lives. I think we may find people returning to the cities. I think we may find an older population asking is there some other way to get there besides driving, is there a simpler way than getting on the old expressway. I think as our Nation and our life and internal self-analysis is going to change in the next decade, I think we're going to have to look at what we have planned in the last generation and say, "What can we do for the next generation?"

Mr. EISENBERG. Mr. Swett, you did ask about examples. Look at the GW Parkway and you will see an example of a road that has been enhanced. Go out Shirley Highway and you will look at HOV lanes, lanes that have been provided to carry automobiles that have more than the 1.1 passenger to auto ratio that you have now, instead of building another lane for the one man, one auto situation. The former is an example of enhancement, the latter is an example of where somebody took a look at how the money was being spent and how to move people instead of vehicles and did the movement of people and not just the movement of vehicles.

Mr. KORVES. I would also like to just add that as an architect, I think we bring the perspective that maybe our first architect President—and I do stress first—Mr. Jefferson brought to every aspect of his life. Even though architects do not technically design the

highways, we design the spaces, the buildings, the towns, the communities that are connected by the highways. Architects ask about, and also concerned citizens have a very strong feeling and input into, the design of their communities. They should be as good as they possibly can be. We would like to bring that problem-solving ability and questioning ability to solving this transportation problem in the next decade. And if there is any additional information or any other help that we can offer the committee, as you know, Mr. Swett, we are only a phone call away and are more than willing to answer and give anything we can to your work.

Mr. SWETT. Mr. Korves and Mr. Eisenberg, I appreciate your testimony. I share your view and your vision of not only this piece of legislation, but of the role of architects in our society.

I appreciate the time allowed to me by you, Mr. Chairman, and I yield back to you.

Mr. MINETA. Well, one AIA against another AIA—not against, but discussing with another AIA. You can't interfere in that process. [Laughter.]

Let me at this point recognize my colleague from Georgia, Mr. Lewis.

Mr. LEWIS. Thank you very much, Mr. Chairman. Thank you for allowing me this time.

Mr. Korves and Mr. Eisenberg, I am delighted and very pleased to see you here. Like my colleague, Mr. Swett, I can say up front that I share your concern, I share your vision of what America should be as we move toward the 21st century. I have a copy of your statement and have read it. It is a superb statement.

I want to tell you that I am happy to see that your organization, the AIA, has recommended that the Vision Pollution Control Act of 1991, H.R. 1344, be made part of the reauthorization legislation. I believe that Title IV of your proposal is similar to the legislation that we introduced, almost identical to H.R. 1344. Some time ago, as you well know, I introduced the Vision Pollution Control Act. The legislation has gained broad bipartisan support. The Vision Pollution Control Act and similar billboard legislation has now been adopted by the Administration and the Surface Transportation Project and other groups. I would like for you to state in your view would you say that the support is broad for new legislation to regulate and to control the proliferation of billboards along our highways?

Mr. KORVES. Yes, I do.

Mr. LEWIS. Mr. Eisenberg.

Mr. EISENBERG. I don't think there's any question about it. If you look not only at the organizations that are supporting the legislation but the kinds of actions that you see occurring in locality after locality that take advantage of the authority they have, you see that they are saying, wait a minute, uncontrolled sign proliferation and livable communities do not go together. The Federal law, as you know as your legislation makes change in it, in fact restricts the ability of States and localities to take this issue under their control, as they ought to, because of the restrictions of Federal law that ties their hands with that cash compensation requirement, and as a result, where they are trying to clean up their environment, where they are trying to make more livable communities,

bring down the signage that really shouldn't be there, and that the law, in fact, anticipates should come down, wants them to take down nonconforming signs. They can't do it. And your bill and the Administration bill would, in fact, untie their hands in that regard.

Mr. LEWIS. Have you taken a position where these States, a State like mine, the State of George, are embarking on a policy that cut down trees or remove vegetation along scenic highways in order for people to get a better view of billboards.

Mr. KORVES. We would support your bill in that regard. In fact, I believe we have.

Mr. LEWIS. Thank you very much. Thank you, Mr. Chairman, and I yield back my time.

Mr. EISENBERG. Mr. Chairman, one final thing, if I might. For the record, in response to your concern about how billboards are defined, there is a Congressional Research Service report that in fact talks about the definition of billboards and then provides some very interesting information about the numbers of billboards in terms of the nonconforming ones that have been removed, the growth in signage over a period of time, and just what the figures are as best as can be determined.

Mr. MINETA. The only comment I was making was that I have heard so many variations on how many signs are out there, and I am just wondering whether or not it is Burma Shave sign as being counted also—well, Mr. Eisenberg, you're too young to know a Burma Shave sign.

Mr. EISENBERG. Actually, I'm glad you said that, but, in fact, I am not too young. I remember them well.

Mr. MINETA. The thing is I've heard all kinds of varying numbers on signs so I always wonder what definition is being used.

Well, let me thank you very, very much, Mr. Korves, for your fine presentation. Mr. Eisenberg, we always enjoy your work here on the Hill. So again, thank you very much to all of you at the AIA for your participation in this process. It is an important one and you play an important role and we recognize it.

Mr. KORVES. Thank you, Mr. Chairman.

Mr. EISENBERG. You've been very gracious. Thank you very much.

[Mr. Korves' prepared statement appears on page 775.]

Mr. MINETA. I would now like to call on a very fine friend who has been very patient and very long in his willingness to testify here today. I can say I think that he comes the farthest distance and I guess maybe that's why he's had to wait the longest. But I would like to have Mayor David Karp, chairman of the Alameda County Transportation Authority, make his presentation to us.

From your statement, Mr. Mayor, I can't tell what city you are mayor of.

Mayor KARP. The city is San Leandro. And I thank you very much, Mr. Chairman, in the true tradition, we have saved the best for the——

Mr. MINETA. Obvious.

**TESTIMONY OF HON. DAVID KARP, MAYOR, SAN LEANDRO, CA; CHAIRMAN, ALAMEDA COUNTY TRANSPORTATION AUTHORITY, OAKLAND, CA**

Mayor KARP. Good evening. Again, my name is Dave Karp and I am here as chairman of the Alameda County Transportation Authority. Alameda County is one of 18 counties in California that have enacted sales tax measures for transportation purposes. The combined revenues of these so-called "self help" counties will equal the amount anticipated by the State from the recent voter approval of propositions 108 and 111.

Despite these revenue sources, our needs continue to outpace our resources. Alameda County's one half cent sales tax will generate $1 billion in the next decade and these funds are earmarked for transportation improvements that are not programmed for State funds. However, our program also has its shortfalls and I will describe two currently unfunded projects on routes of national significance.

The Authority is participating in funding improvements to a 13 mile segment of I-880 in southern Alameda County. I-880 is the only freeway connecting Santa Clara County with the industrial area of Alameda County. At present, the total sales tax, State, and other local funds committed to this Interstate project amount to $302 million.

However, we have had to defer some needed improvements due to funding constraints. One such deferral is upgrading the Alvarado-Niles Road Interchange at post mile 13. The existing interchange will permit upgrading of the underlying freeway, but there will be substantial horizontal and vertical clearances at this location. This site will present the only constriction on this route in southern Alameda County. To meet full Interstate standards, an additional $20 million will be required. Again, that comes out to about 15 percent of the total project.

The Authority is participating also in BART's new rail extensions. Our program includes $170 million for BART's extension in Alameda County. One of the extensions is proposed to extend from San Leandro along the existing I-580 median to the cities of Dublin and Pleasanton. This extension will cost approximately $530 million and will be financed entirely by the State and also local funds.

A parking structure is proposed at the East Dublin/Pleasanton station. This structure will have the effect of reducing commute demand on I-580. This estimated cost is $35 million and it is not funded at this time.

The point I wish to make is that the citizens of California have shown a willingness to tax themselves for needed transportation improvements. However, our needs are greater than our resources and additional help is needed. I have given two examples of needs on routes of national significance. These needs should be funded at the Federal level as part of the need to preserve the existing Federal surface transportation investment.

This is probably the most important transportation act since the basic acts of 1956 and 1983, which increased the Federal gasoline tax. As we move into the 21st century, the need to maintain a major effective transportation system is essential, not only for our

Nation's economic and social development, for over our transportation routes will go the items which will become part of a worldwide international market.

The system is only as effective as the smallest of its parts—these two items which are part of a link in Northern California area are typical of those parts.

If you have any questions, I would be pleased to respond.

Mr. MINETA. David, thank you very, very much for your presentation. Let me ask, given the fact that I-880 is being upgraded to full Interstate construction design standards, has that had a very significant effect in terms of the increased costs of that project?

Mayor KARP. Absolutely.

Mr. MINETA. Do you know how much that impact is?

Mayor KARP. It went from approximately $200 million to about $300 million, primarily because of the impact of its Federal Interstate significance. We would have been happy to pay the entire tab, as we have done in the past, for a highway of national significance but we don't have any more money. We are short. I'm on one knee pleading.

Mr. MINETA. And so the shortfall that you are experiencing on I-880 is what?

Mayor KARP. That would be the overpasses, primarily. We have three significant overpasses which must be removed and be reconstructed. Vertical distance, horizontal distance, so we have to widen them out and we have to raise them up.

Mr. MINETA. That would take the $20 million?

Mayor KARP. It would take actually more than $20 million, but we need $20 million; that is our shortfall.

Mr. MINETA. And when you talk about I-880, you are not talking about the Cypress——

Mayor KARP. No, that has nothing to do with it. We are approximately ten miles away or thereabouts from the Cypress.

Mr. MINETA. Has that been resolved as to how they are going to reconstruct? Are they going to bring back the dual or double——

Mayor KARP. Okay, Mr. Chairman, I was the chairman for the new Cypress road and it will be taking a new alignment. After hearing a great deal of testimony from the citizens throughout Alameda County, a decision was made by CALTRANS to take a new route, and it will not be double-decked, it will be one level. That route would be not the existing route but actually a route that would go close to the base and then connect to the Bay Bridge. And it has been decided and they are moving ahead now.

Mr. MINETA. As far as the other I-880 and I-580 projects, how does the Alameda County Transportation Authority propose funding the unfunded segments of those two projects?

Mayor KARP. Out of our treasury, Mr. Chairman, we have taken $170 million and have applied that to the BART part of going out to Dublin as part of the help to get that going. In addition, Mr. Chairman, we also have from Proposition 116 approximately $60 million which we are also dedicating, plus the fact that I have already gone to the CTC, which is the California Transportation Commission, and we have a commitment for additional funding. We are taking actual money from a road that will be widened and be developed and we're dedicating a portion of that money, which

is normally for surface transportation, to public transportation. We want that to go right down the center of the highway.

Mr. MINETA. So the I-580 project then is a $35 million project?

Mayor KARP. No, the I-580 would be $500 to $600 million to build the project. However, by putting a garage structure, we will be able to park and get people out of their cars to take public transportation.

Mr. MINETA. And that would cost the $35 million?

Mayor KARP. Yes, $35 million.

Mr. MINETA. But the $500 to $600 million is funded?

Mayor KARP. Is funded.

Mr. MINETA. Very well.

Counsel, do you have any questions? None?

Okay, let me again——

Mayor KARP. May I make one last statement, Mr. Chairman?

Mr. MINETA. Absolutely.

Mayor KARP. Because of the lateness of the hour, I will be very quick. Just to make mention of the fact that I am also chairman of the public transportation for the U.S. Conference of Mayors and I am familiar with the five cents that was added for public transportation, we had hoped, and the two and a half cents, which we had assumed would be used for deficit reduction. I understand the two and a half cents is not available at this point and probably would be used for deficit reduction. I am encouraging Congress, Mr. Chairman, Chairman Roe, to move ahead with an additional five cents formula which you will decided upon how that money is to be spent but some guarantee that it will go into public transportation and surface transportation. I will be pushing this with the U.S. Conference of Mayors as well as the National League of Cities. I hope that additional five cents, which will bring approximately $5 billion each year, will be passed by Congress.

Mr. MINETA. Well, we appreciate very much your support on that. As I mentioned earlier today, we tried to recover that other two and a half cents that's going to deficit reduction but no one either in the Congress or in the Administration wants to revisit the budget summit agreement. That's why we're pushing for that other new five cent additional gasoline tax, which the Speaker has now announced he supports. So on that basis, I said, well, it doesn't do us any good to get the additional five cents unless you make it a mandatory spend-out program like an entitlement, which he has agreed to do.

So, again, thank you very much for your help along that line.

Mayor KARP. Mr. Chairman, I thank you very much for your time. I like to put my money where my mouth is and, in order to get this going, I would like to give you a thousand dollars, Mr. Chairman, and also a thousand dollars to our Chairman Roe. [Laughter.]

Mr. MINETA. Didn't hear a thing.

Let me thank you again for your patience and your presentation. We appreciate it.

[Mayor Karp's prepared statement appears on page 770.]

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TESTIMONY

of

CAROL BELLAMY

MANAGING DIRECTOR

BEAR, STEARNS & CO., INC.

before the

SUBCOMMITTEE ON SURFACE TRANSPORTATION

of the

COMMITTEE ON PUBLIC WORKS

U.S. House of Representatives

April 10, 1991

Mr. Chairman, my name is Carol Bellamy. I am a Managing Director of Bear Stearns & Co. Inc., a leading investment banking firm. I appreciate the opportunity to speak with you regarding a matter of national importance: the future of our nation's surface transportation and, in particular, the critical need to expand the availability and use of public transportation.

While I am here on behalf of Bear Stearns, you should also know that I am a former Board Member of New York State's Metropolitan Transit Authority. Bear Stearns is pleased to be an active participant in America's Coalition for Transit NOW along with over 140 other national organizations.

Mr. Chairman, the focus of my comments today will be the role that public transportation can play in addressing some of the underlying problems in our nation's economy. These problems include:

- o the need for substantial increases in the nation's infrastructure investment,
- o transportation impediments to the nation's economic productivity,
- o the nation's balance of trade deficit, and
- o our ability to compete in the global economy.

## INVESTING IN OUR NATION'S INFRASTRUCTURE

Our nation's economic viability, competitiveness and productivity are jeopardized by our failure to invest in our infrastructure needs.

Since 1981, federal funding for public transit has declined by 50%. Even the Administration's proposed transit budget for fiscal year 1992 fails to keep pace with inflation. The consequence of our nation's failure to invest in public transportation

infrastructure can be seen in the decline in passengers per vehicle, the growth in vehicle miles traveled, and the consequences for our productivity and competitiveness.

Our nation's productivity and our ability to effectively compete in the world market have also suffered from our failure to invest in revitalizing our infrastructure. Profession David Alan Aschauer of Bates College, formerly a Senior Economist at the Federal Reserve Bank of Chicago and a leading scholar on this issue, wrote in The Wall Street Journal, on March 14, 1990:

> "Private sector production of goods and services depends crucially upon an adequate and well-maintained stock of public sector capital: a public infrastructure of roads, bridges, mass transit, water and sewer systems and similar facilities. If public sector capital accumulation fails to keep pace with private sector capital accumulation, it can be expected that:
>
> 1) The rate of return to private capital will suffer;
> 2) Private investment will be depressed; and
> 3) Private sector productivity growth will stagnate."

The nations which will comprise the European Community have recognized the truths of Aschauer's analysis. The level of transit and transportation infrastructure formation in Europe is, simply, astounding. According to an article in the March 12, 1990 Business Week:

- Spain is investing $22 billion to rebuild its national rail network.
- West Germany is investing $12 billion to build an intercity high-speed rail network.
- Scandinavian countries are building Scanlink at a cost of $6 billion to connect Scandinavian rail and road systems to Europe.
- Switzerland is spending $8 billion to build trans-Alpine rail tunnels to Italy and an additional $5 billion on a new rail and bus network.
- The British and French are building the Channel Tunnel at a cost of $12 billion to accommodate 80 mph rail traffic.

- The French high-speed rail network is being expanded to Lille and Calais tying France, and all of Europe, into a network including Brussels, Amsterdam, Cologne and London.

America's chief competitors and our closest allies make significantly greater use of transit. And they make a larger commitment to capital formation, which encompasses transit.

| | US | Japan | W.Germany | Canada |
|---|---|---|---|---|
| Transit Rides per Capita[1] | 56.9 | 316.3 | 149.5 | 134.7 |
| Gross Fixed Capital Formation As % of GDP[2] | 17.3% | 27.7 | 19.3% | 20.8% |

Mr. Chairman, while we must be attentive to the federal budget deficit, we believe that a thoughtful policy of investment in public transit infrastructure will have significant benefits for the the federal budget and the nation's economic health.

PRODUCTIVITY AND TRANSPORTATION

America's productivity is being severely hampered by the growing crisis in traffic congestion. It has been estimated that travel delays in the nation's largest urbanized areas now cause two billion hours of time to be lost annually. Time lost in traffic is projected by the General Accounting Office to grow to four billion hours within the next decade. In California, urban congestion results in $2 million a day of lost productivity. Congestion on

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[1] U.S. Data source: USDOT Section 15 Data for 1986. Source of other data: Calculated from Jane's Urban Transport Systems, 1989.

[2] Calculated from Europa World Yearbook 1989, Europa Publications Ltd., London, 1989.

Washington's Capital Beltway costs employers $120 million in lost productivity each year.

Considering traffic delays experienced in smaller urban areas, the amount of time spent -- and money wasted -- in unproductive travel is significantly greater. A 1983 Federal Highway Administration study shows that 11 percent of all labor force work hours are spent on the highways.

Of greatest concern is the estimate by the Department of Transportation that by the early 21st century, delays are likely to be tremendously greater than they are today. Over the next twenty years, travel in urban and suburban areas (where more than half the population resides) is projected to increase by more than 400 percent on freeways and by more than 200 percent on other roads. In areas under one million population, freeway congestion will increase more than 1,000 percent.

Productivity is not only impacted by time spent in congestion. Workers who must fight traffic experience significantly more stress than their colleagues who use transit. The negative impact of stress on worker's productivity, health and absenteeism is well documented.

The productive time and energy lost in congested traffic has direct consequences for our nation's ability to compete in the increasingly competitive global market.

The growing congestion on our nation's roads is directly attributable to the decline in average vehicle occupancy (from 1.2 persons per vehicle in 1970 to 1.1 in 1990) and the significant increase in the number of vehicle miles traveled over the past two decades (four time greater than the rate of population growth).

The point, Mr. Chairman, is that our nation's productivity will continue to suffer unless congestion is significantly reduced. Public transportation and ridesharing services offer the greatest opportunity to reduce congestion by increasing vehicle occupancy and reducing the number of vehicle miles traveled.

TRADE DEFICIT, ENERGY, AND PUBLIC TRANSPORTATION

The nation continues to suffer from deficits in international trading. For 1990, our trading deficit totaled $103 billion. Simply put, we are paying more money to foreign nations to buy their goods and service than we are being paid for the products and services we sell abroad. As you are well aware, the deficit in our foreign trading about a decade ago and persists today.

An analysis of the continuing trade deficit reveals that the cost of imported energy, nearly all of which is oil, accounts for better than 40 percent of the trade deficit. Indeed, the U.S. imports more than half of the oil we consume. It must be of great concern that the trend is for greater reliance on imported oil.

We also know that transportation accounts for better than 65 percent of our nation's petroleum use. If we are to reduce our reliance on foreign oil suppliers, and thus reduce a major component of our foreign trade deficit, we must reduce the consumption of oil for transportation purposes.

Currently, there is much debate regarding increasing CAFE (Corporate Average Fuel Efficiency) Standards as a means of achieving a more energy efficient transportation system. While that is a worthy goal, recent history tells us that increasing the efficiency of automobiles, alone, is not enough to achieve the larger objective.

In the past two decades, there has been a 44 percent increase in the fuel efficiency of the U.S. vehicle fleet. Notwithstanding that accomplishment, these efficiencies have been overwhelmed by an 88 percent increase in vehicle miles of travel. In the decade from 1979 to 1989, transportation is the only sector in which oil consumption grew.

Again, we are drawn to recognize that increasing average vehicle occupancy and reducing vehicle miles traveled must be a key strategy in reducing our dependence on foreign energy supplies and improving our foreign trade balance.

In the National Energy Strategy recently released by the Administration, this point was perfectly articulated:

> Studies and demonstration projects...have consistently shown that mass transportation, carpools, vanpools, and HOV lanes are the quickest, cheapest ways to improve transportation energy use and reduce commuter congestion.

Mr. Chairman, expanding the availability and use of public transportation and ridesharing services is an incredibly powerful tool for fixing a number of our nation's economic ills. More and better use of transit services can increase our productivity, reduce our foreign trade deficit, and position American businesses to be more competitive in the global economy.

I applaud the leadership that you and your colleagues on the Surface Transportation Subcommittee are providing in recognizing transit's value to our nation. In particular, the five year transit funding recommendation of $34.5 billion the Committee made in the submission of its views and estimates to the Budget Committee is a strong statement of the need for increased transit infrastructure investment.

I am here to tell you that our nation's business/investment community recognizes the important role that public transportation plays in our economy, and urges the Congress to also recognize transit's role by substantially increasing federal investments in public transportation.

Again, thank you for the opportunity to appear before you today. I would be happy to answer any questions.

TESTIMONY OF THE

AMERICAN PUBLIC TRANSIT ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

HOUSE COMMITTEE ON

PUBLIC WORKS AND TRANSPORTATION

APRIL 10, 1991

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1

## Introduction

The American Public Transit Association (APTA) is pleased to present its testimony before the House Surface Transportation Subcommittee.[1]

Today we offer a legislative program for your consideration that has at its core a modest proposal. APTA asks only that Congress provide a balance in our national transportation policy by recognizing and promoting the multiple roles that public transit plays in meeting the mobility needs of our citizens and other major national goals.

To achieve this balance, we ask that Congress restore the level of federal funding of public transit to where it was 10 years ago, in inflation-adjusted dollars. Second, we urge that growth in the funding of transit over the next five years be set at approximately the same rate as that advocated by the Administration for highway funding. And third, we ask that there be no bias against transit in matching ratios or other statutory or administrative requirements for new transportation investments.

Never -- absolutely never -- in our Nation's history has there been a more powerful case than there is today for increasing federal support of transit. Efficient public transit service has emerged as an essential and fundamental part of the solution to a myriad of problems affecting the quality of life and economic health of our communities and the Nation. To put our specific legislative recommendations in perspective, we will first focus on the reasons why Congress should reverse the past decade of diminishing federal support for transit.

## An Historic Opportunity

Looking back on the trends of the last decade and the extraordinary events of the past twelve months, the importance of the transportation decisions that Congress will make in 1991 is crystal clear:

o On energy policy: In the aftermath of the Gulf War, the importance of transit's role in achieving energy independence is more compelling than ever before.

o On clean air: Increased use of transit is essential if new air quality targets are to be met. Yet without major reformulation of federal transportation policy,

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[1] APTA represents over 1000 members, including motor bus and rapid transit systems and organizations responsible for planning, designing, constructing, financing and operating transit systems. In addition, APTA members include business organizations which supply products and services to the transit industry, academic institutions, and public interest groups.

vehicle miles travelled (VMT) and vehicle emissions will continue to soar while transit ridership declines.

o On mobility: All of our Nation's citizens seek the right to participate fully in all aspects of American life. Transit has long provided mobility for millions of citizens who do not have access to personal vehicles. The Americans with Disabilities Act (ADA) has given transit far greater responsibility to provide mobility for millions more. Transit must receive increased funding to meet these needs.

o On congestion: Traffic gridlock has become a way of life in urban and, increasingly, suburban America. Not only does this waste fuel and lose millions of hours of productivity, it has greatly diminished the quality of life for Americans caught in these horrendous traffic jams.

o On competitiveness and productivity: Moving people and goods efficiently is a fundamental part of making our Nation competitive in the global economy. Nothing slows down the transportation and distribution system more than the gridlock caused by single occupant vehicles clogging our roads.

Few federal programs can serve as many national goals as transit. It is no exaggeration to say that as Congress establishes a new surface transportation policy and charts the course that public transit will take into the next century, the stakes could not be higher. A decision to "stay the course," as the Administration proposes, would, at best, merely keep transit on life support and, inevitably, squander the potential for great improvements in the quality of life of Americans and the communities where they live.

Such an outcome is just not good enough. Public transit needs both the authorization for and appropriation of significantly more federal funding for capital investment and operations. Despite the number and complexity of issues, adequate and equitable federal funding is the number one issue. Over the last ten years, passenger fares and other earnings have more than doubled and the amount of state and local assistance has more than tripled. To pretend that state and local governments have the resources to continue to make up for federal funding cuts would be a cruel hoax.

Our industry recognizes that with today's budget constraints, we must demonstrate that federal expenditures are necessary for reasons beyond just making our systems financially secure. This testimony will show that if Congress reverses a decade of radical budget cutbacks, the benefits will go far beyond improving the Nation's infrastructure. This path will enhance the energy independence of our country, improve the quality of the air we breathe, expand the mobility options of all our citizens including those with disabilities, increase levels of employment in our local communities, reduce gridlock on roads and highways, provide more opportunities for rural citizens, and make America more productive and competitive.

As Congress considers the reauthorization legislation, it is helpful to recognize that society pays an extraordinary and often hidden cost for relying on automobiles for most of our transportation needs, and that we can no longer sustain this posture in future years. Consider some of the costs of automobile use in California, as described in an article in the January 1991 issue of *Transit California*. Air pollution, at a conservative estimate, adds $9.3 billion to the health care costs of Southern California residents each year. If motorists paid for the share of these costs that vehicle use imposes on society, each motorist would pay an additional $385 per year. The health care cost estimates may be understated in light of a recent study of southern California residents. This study of Long Beach, Lancaster, and Glendora residents, conducted by medical faculty at the University of California, Los Angeles, suggests that long-term exposure to air pollution causes permanent damage to the lungs and respiratory system. These problems occur not just in southern California but in other areas with similar air pollution problems.

Paying for crop damage would add 45 cents per gallon to the cost of gasoline. Another 25 cents per gallon would cover the municipal costs of automobiles -- auto-related expenses for police, fire, paramedic and other services -- according to a study of the Pasadena city budget. Subsidized parking is another cost that drivers do not pay. Finally, it is estimated that congestion costs are about $1,100 per year per driver. If these costs were imposed directly onto drivers at the gas pump, they would add about $2 per gallon to the price. In 15 years it is estimated that this figure would rise to some $8 per gallon absent measures to reduce congestion.

Because drivers do not pay directly for these costs, there is effectively a subsidy for automobile use. It is no wonder that so many people choose to drive alone. Elementary economics tells us that demand for a highly subsidized product will always exceed supply. This is why new highways fill up to capacity as soon as they open, and why it is impossible to build enough roads to meet the demand. We recognize that it is, in many respects, impractical to address the automobile subsidy issue directly, but we ask that you recognize how hard it is to develop a transportation policy that reduces congestion and other problems that are exacerbated by these hidden subsidies.

The federal government's responsibility does not end with writing the laws, for reasons of practicality as well as fairness. Since 1981, federal transit funding has been cut in half. State and local governments, transit operators, and transit riders have all increased their contribution. They have given as much as they can give. It is time to reverse a decade of declining federal transit investment and give transit the federal resources to expand services substantially. It is only fair that the federal government should do this in order to ensure that the laws passed by Congress, such as the Clean Air Act and the Americans with Disabilities Act, do not become hollow promises. If the federal government does not expand its commitment, there will be service cuts, farebox increases, and ridership decreases. Losing this opportunity would mean that national goals set by the federal government will be further from accomplishment than ever.

In his Fiscal Year (FY) 1992 budget document, Budget Director Richard Darman states that "the benefits of transit are largely local" to justify the Administration's proposed program changes and funding cuts. At the same time, both the National Transportation Strategy and the National Energy Strategy note that transit is an important means of reducing congestion, pollution, and energy consumption. The Administration cannot have it both ways. If transit's effects are local, then do not depend on us to participate in meeting national goals. If we are part of the solution to many of the Nation's problems, then give us the resources to do our part.

In many respects, the well-being of the Nation is the sum of the well-being of its parts. The national transportation network combines many different modes and will function best if these modes are balanced and integrated more effectively than past policies have allowed. Urban freeways are largely local in benefit, but tell that to the factory owner whose trucks use those freeways. The on-time delivery of goods from one side of the country to another will not work if at the end of the journey the urban highway is so congested that goods cannot reach the port or the factory loading dock. Ask that factory owner if transit is a worthwhile investment if it has the potential to reduce congestion on those freeways and thereby reduce the time lost to that factory and other businesses and their employees.

Consider also that transit is a cost-effective means of achieving many interrelated goals at once. For example, alternative fueled vehicles may ultimately reduce pollution and demand for imported oil, many years from now. But cities full of electric cars, if such a vision could be realized at some distant future day, will still have to cope with congestion and find ways to guarantee mobility for people with disabilities, those with low incomes, and senior citizens.

In contrast, transit can answer all of these needs and more cheaply than the costs of all those alternative-fuel vehicles and the infrastructure to sustain them. We offer one solution to many problems. It is for this reason that we seek the federal resources to become a full-fledged partner in our Nation's transportation infrastructure.

## Transit Conserves Energy

The victory in the Persian Gulf must not obscure one reason why military action was necessary. Our Nation continues to be dangerously dependent on imported oil. Our military success will be diminished if we do not follow up with a plan to promote increased energy conservation, reduce oil imports, and head toward greater energy independence. There is, unfortunately, an immense "gulf" between our desire for energy independence and the steps we have so far taken to get there.

Enhanced use of transit must be part of any viable strategy to move our Nation toward energy independence. Yet it is clear that in developing such a strategy Congress must take the lead, because the Administration will not.

The Department of Transportation's surface transportation policy calls for virtually no growth in transit funding over the next five years, while highway construction would grow 40 percent. The Administration's energy proposal does not include specific, effective proposals to encourage transit use even though the National Energy Strategy recognizes that "mass transportation, carpools, vanpools, and HOV lanes are the quickest, cheapest ways to improve transportation energy use and reduce commuter congestion."

At the center of our Nation's mounting oil consumption and inefficient energy use is our traditional habit of driving alone. During the last 10 years, in fact, transportation was the only sector of the economy in which oil use grew. Chart 1 compares the change in oil consumption over a decade by transportation, industrial, residential/commercial, and electric utility uses. While transportation-related oil consumption grew nearly 10 percent, these other uses of oil declined by 20 percent to nearly 50 percent.

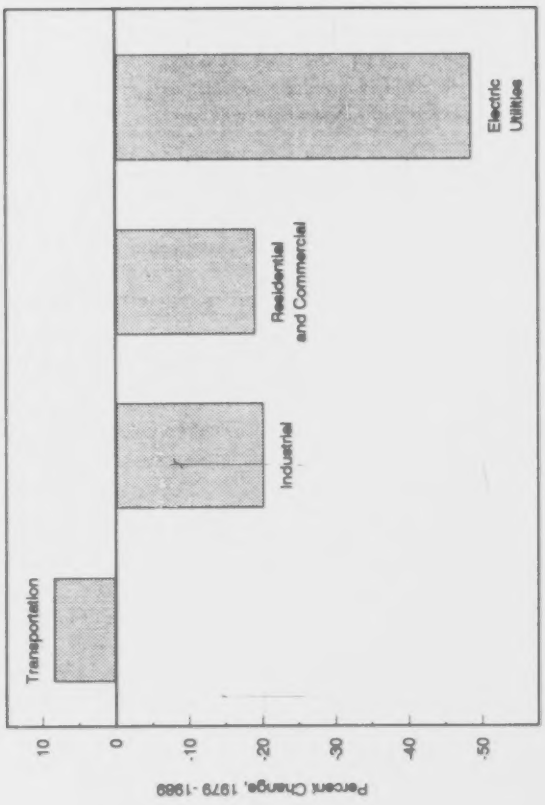
A viable national strategy for energy independence must deal with transportation-related energy consumption. Every commuter who switches from driving alone to transit saves 200 gallons of gasoline per year. If ten percent of urban auto commuter trips were replaced by transit, over 300,000 barrels of oil would be saved each day.

As these statistics suggest, transit's greatest contribution to energy conservation is to provide an alternative to single-occupant vehicle travel, the least energy efficient form of urban transportation. The industry's ability to provide this alternative is strengthened when it can expand services and keep fares low. Actions that force transit to cut services and increase fares will hamper transit's contribution to energy conservation. At a minimum, expanded federal support for transit is essential. It would be shortsighted to impose additional costs on transit in an attempt to conserve energy used by transit. The real savings are in getting people out of single-occupant vehicles and into railcars, buses, and vanpools.

Yet the Administration's proposal would cut transit spending -- in real terms -- over the next five years. Moreover, if its proposal to eliminate operating assistance to the largest systems is adopted, farebox increases and service reductions are almost guaranteed. This, in turn, would cut down on ridership, force people back to their cars, and thereby increase fuel consumption. Hit hardest would be the most transit-dependent citizens, such as low-income workers and people with disabilities, who would bear the brunt of higher fares and service cuts because they have no alternative means of transportation.

Chart 1

Change in U.S. Oil Consumption, 1979 - 1989



Finally, our current tax code provides a classic example of wasteful energy policy and lack of balance in surface transportation policy. Employers can provide free parking to employees as a fringe benefit that is tax-free, regardless of the cost. This is a direct subsidy and incentive to drive alone. If employers pay any part of an employee's cost to commute by transit, the entire contribution is taxable as income if it exceeds $15 per month. This inequity should be eliminated. The National Energy Strategy calls for increasing the tax-free amount of employer-provided transit benefits, but the Administration does not address this issue in the energy tax legislation it has submitted to Congress.

America must not lapse into complacency in the aftermath of the Gulf War. More than ever we need to match our desire to achieve energy independence with solid initiatives. That requires a greater availability of, and federal investment in, transit alternatives to the private automobile.

## Transit Reduces Pollution

Once strictly a big city problem, air pollution is now invading the suburbs and smaller communities across America, threatening people's health and the economic well-being of many places. The magnitude of the problem has prompted action at the state and local levels, as well as the enactment of the Clean Air Act Amendments of 1990 by Congress.

Beyond question, moving people out of cars and into vans, buses, and rail is essential for achieving cleaner air. Transportation sources cause 40-60 percent of ozone pollution and 70-80 percent of carbon monoxide emissions. Even the promise of tighter emission standards in the future will not be enough to improve air quality. The anticipated emission reductions from tailpipe technology will be more than offset by growth in vehicle miles travelled -- unless more people start using transit and other forms of shared-ride transportation.

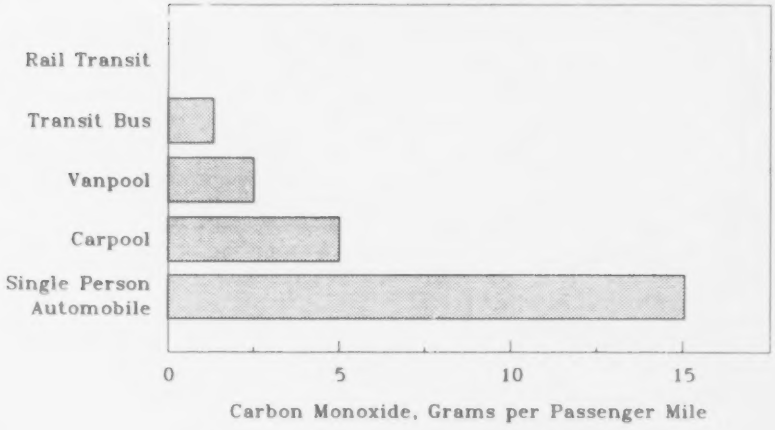
The most effective, quickest way to reduce air pollution is to reduce vehicle emissions by convincing people to stop driving to work alone and to use transit instead. When one commuter stops driving and uses transit to and from work for a year, it has the effect of preventing the emission of 9 pounds of hydrocarbons, 63 pounds of carbon monoxide, 5 pounds of nitrogen oxides, and 1 pound of particulates per year. As Charts 2 and 3 show, the improvement in air quality is substantial if people move from automobiles to transit and other high-occupancy modes.

APTA's surface transportation reauthorization proposal includes incentives and funding levels for transit that will significantly increase ridership. This, in turn, will directly benefit air quality and communities' ability to achieve attainment standards.

## Chart 2

### Emissions of Carbon Monoxide

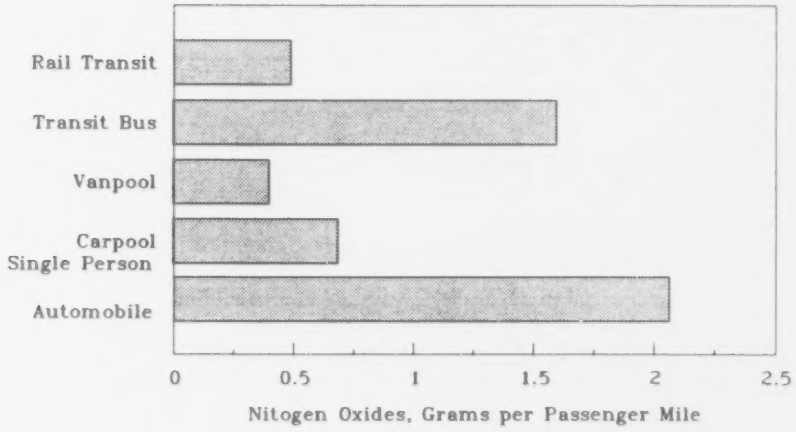
(Estimated grams per passenger mile for work trips)




## Chart 3

### Emissions of Nitrogen Oxides

(Estimated grams per passenger mile for work trips)



Increased federal transit funding will allow the industry to introduce new technology to meet emissions standards. Without additional federal support, the costs imposed on transit operators to underwrite new technologies may result in service reductions or fare increases at the very time that public transit is being called on to help communities meet attainment standards.

Most people choose whether to use transit or drive a personal vehicle based on rational judgments about the value of their time and money. This means that transit, to draw people out of their automobiles, must be an economically attractive alternative for people in terms of the cost at the farebox and the cost in their time. The surest way to undercut transit's role in cleaning up the air is to take actions that will increase fares and require service cutbacks. Enough such actions will have the opposite effect by pushing current transit riders back to their automobiles.

For this reason, the costs of compliance with the Clean Air Act Amendments of 1990 could make it much harder for transit to help reduce vehicle emissions. Much depends on the outcome of evaluations of particulate trap technology to be performed by the Environmental Protection Agency (EPA). The 1990 law gives us the opportunity to reduce urban bus emissions using "clean diesel" technology. According to a nationwide survey of transit systems conducted by the Southern California Rapid Transit District (SCRTD), conversion of U.S. urban bus fleets to particulate traps would cost an estimated $522 million. The $522 million figure represents the additional cost of the traps on new buses when they are brought into use. Assuming a 12-year replacement cycle for buses, this would be a cost of approximately $44 million per year. Additional diesel fuel costs would be an estimated $56.8 million per year. One of the great advantages of particulate traps is that they would not require costly conversion of fueling facilities as would be the case with Compressed Natural Gas (CNG) and other alternative fuels. Nonetheless, we are looking at $110 million per year just for conversion to traps and higher fuel costs.

The costs of administering these changes will be felt throughout operators' budgets, in additional person-hours, training costs, and other expenses. Many urbanized areas will have to provide additional transit services to comply with emission reduction targets. It would be a national tragedy if transit systems were forced to pass these costs directly on to riders. This would send exactly the wrong signal to all commuters. Instead of reducing pollution, it would reinforce current, high emissions travel habits.

## Transit Provides Mobility

Public transit provides essential mobility to citizens who are unable or who choose not to operate private vehicles. For people with disabilities, older Americans, the young, and the poor, access to transit can be the single most important factor in their quality of lives and their ability to work, obtain education, and gain access to essential services.

Nearly 28 million Americans would find it easier to use transit facilities if accessibility improvements were made, according to a study performed for the U.S. Architectural Barriers and Transportation Compliance Board. Cutting transit funding is tantamount to cutting the link between these people with special needs and the rest of society. The Americans with Disabilities Act of 1990 mandates enhanced and expanded transit services. But without adequate funding, these services cannot be provided.

APTA has embarked on a new era of cooperation with advocates of disabled Americans during the past several years. We are working together to see that the regulations required by the ADA meet the needs of all involved. The cost of converting equipment and increasing services will be high. Without significant increases in funding, we cannot provide the services needed to achieve the ADA's goals.

Last year, in testimony to this Subcommittee, APTA outlined some of the costs that transit systems must shoulder to comply with ADA. It remains difficult, however, to provide a definitive estimate of these costs. An ongoing, as yet incomplete regulatory process will define: 1) the obligations of transit systems in providing paratransit services to persons with disabilities who cannot use existing transit facilities, and 2) the undue financial burden beyond which a transit system cannot be expected to pay.

The transit industry needs 8,250 new buses every year to replace worn-out buses and expand service. An additional 3,100 older buses need to be rehabilitated each year. The cost of lifts for these buses is $170 million per year. We estimate a twenty-year cost to make transit rail systems accessible of $5.8 billion, with operating costs during that period of $800 million. This is $290 million per year and $38 million per year respectively.

Thus, rail and lift requirements alone would require over $498 million per year, far more than the $50 million per year in Section 3 funds proposed by the Administration for the cost of compliance with ADA, the Clean Air Act, and for other purposes. All of these costs are an appropriate subject for federal general fund assistance because they all contribute to the national goal of an accessible transportation system.

In its Proposed Rule for Transportation for Individuals with Disabilities, published in the April 4, 1991 *Federal Register*, the Department of Transportation estimates the average annual cost of providing complementary paratransit service to ADA-eligible persons by urbanized area size. If these costs are multiplied by the number of areas, the resulting cost is $923 million per year. The additional cost for rural areas should drive the total figure to well over $1 billion per year. A recent newspaper report notes that in Spokane, Washington, 15% of the transit system's budget goes to paratransit services that provide 3% of the rides. That city is experiencing a conflict over the appropriate level of service. Similar disputes are likely in many more communities in the coming years.

ADA is only one part of the broader question of mobility for all citizens. Many senior citizens also depend on transit services, including paratransit. In rural America, nearly half of the elderly are in poor health and 60 percent are not licensed to drive. Expanded public transportation services are vital to provide these people access to essential health care facilities and other social services. The proportion of the population that is elderly will continue to rise, and we expect the demand for these services to expand as well. The number of persons over 65 will grow from nearly 26 million in 1980 to more than 65 million by 2030, and the growth rate in the very elderly population, over 75 years, will be even more pronounced. Nationally, transportation is the third largest cost item for programs under the Older Americans Act.

Mobility is also a concern for low-income people, including workers and students who depend on transit. For people with limited incomes, transit can mean the difference between a decent job and unemployment. Some 28 percent of transit users live in households with annual incomes of less than $10,000. For most of these people, transit is the only transportation option. Transit is absolutely necessary to expand employment opportunities.

Finally, it is also worth noting that greater availability and use of transit services will improve mobility for people who continue to choose to drive. Anything that reduces demand for highway and road capacity will benefit those who remain on the roads.

We do not want to be caught in a competition for limited resources among all of these deserving groups of people, but that is just what will happen if the federal government does not expand its transit program.

Once again, the federal government must confront the consequences of its actions. The ADA guarantees access to transit for persons with disabilities because transit systems are a crucial part of the transportation network. Other programs are designed to meet the needs of senior citizens and other transit-dependent groups. If mobility is truly important for all Americans, then the federal government must ensure that its promises are fulfilled.

## Transit Reduces Congestion

Today, America's economic productivity is severely hampered by growing traffic gridlock. Travel delays in the Nation's largest urbanized areas (UZAs) now cause two billion hours of time to be lost annually. Over the next 20 years, congestion will increase more than 400 percent on the Nation's freeway systems and over 200 percent on other roads, according to the Federal Highway Administration (FHWA). During this period, annual delay in travel time will increase by 5.6 billion hours. The cost of congestion on urban freeways alone, according to a Transportation Research Board report, will increase by $41 billion per year.

Transit provides a low-cost alternative to congestion. The investment costs of transit compare favorably with those of highway construction. Major urban highways can cost $100-120 million per mile, while busways can be built for $4-12 million per mile, light rail for $10-20 million per mile, and heavy rail for costs comparable to or lower than major highways. In central cities, which will continue to have concentrations of high employment for the foreseeable future, highway construction may be impossible, leaving transit improvements as the only option.

Transit can substantially reduce congestion. Every bus full of passengers at rush hour removes at least 40 cars from traffic, every full rail car removes 75-125 cars from traffic, every van full of passengers removes 13 cars from traffic. One high-occupancy vehicle (HOV) lane carries the same number of people as three regular highway lanes.

## Transit Improves Economic Productivity

Transit is a major key to economic development and competitiveness. The rate of growth of productivity is a vital measure of our ability to compete in the global economy. A growing body of academic study suggests that inadequate spending on public infrastructure is directly reflected in lower productivity growth rates. One of the leading authorities on this issue is Professor David Aschauer, formerly Senior Economist at the Federal Reserve Bank of Chicago. Professor Aschauer concludes that as much as 60 percent of our productivity slump in the past 20 years can be attributed to declining investment in public infrastructure, of which transit is a key element.

As Aschauer notes, the growth in U.S. productivity has declined from 1.8 percent per year in the 1960s to 0.8 percent in the 1970s to 0.7 percent in the early 1980s. In contrast to our weak 0.7 percent, Japan has registered a 3.1 percent annual increase in productivity and West Germany achieved 2.9 percent. Japan invested 5.1 percent of its Gross National Product (GNP) in public facilities while the United States invested a minuscule 0.3 percent.

Businesses suffer from the loss of productivity caused by congestion and gridlock. Employees arrive at work with their nerves worn to a frazzle, goods do not arrive on time because trucks are caught in traffic, production lines must slow down because of transportation bottlenecks. Investments in transit are very often the most cost-effective ways to achieve a more efficient use of existing transportation facilities.

America's chief competitors and our closest allies make significantly greater use of transit. In the United States, average per capita use of transit is about 57 transit rides a year. In Canada the number is 135, in Germany it is 150, and in Japan it is 316. Each of these other countries places far greater emphasis on transit as a critical component of economic development and growth.

In addition to providing access and reducing congestion, transit is itself an excellent source of economic development. Major transit commitments around the country have spurred millions of dollars of private development in patterns that provide greater efficiency and increased amenity. For every $10 million invested in transit capital, 770 jobs are created and $33 million in business revenues are generated. Every $10 million invested in transit operations will support 960 jobs and create $30 million in business revenue.

It should also be noted that businesses may find it necessary to change their hiring practices to comply with employment requirements of the Americans with Disabilities Act. Unless employees with disabilities have access to transit services, the employment provisions of the ADA may prove to be a hollow promise.

In Los Angeles and other cities, the Clean Air Act Amendments of 1990 will require employers of more than 100 persons to encourage their employees to increase the average occupancy of vehicles use in commuting trips. These employers will find it easier to comply with these requirements and pay for these added costs of doing business if transit services are readily available.

In short, funding transit is good business for the Nation and for local communities. An essential part of our infrastructure in urban and rural areas alike, transit allows existing development to be used more effectively and it is a powerful tool for channeling future development.

## The APTA Proposal for a New Transit Policy

This year marks a once-in-a-generation opportunity to achieve a sound national surface transportation policy by strengthening the federal transit assistance program. The details of our proposal are included in the attached statement, Reauthorization Proposal for the Federal Public Transportation Act of 1991, dated February 14, 1991. This section of our testimony highlights areas where we have serious differences with the legislation proposed by the Administration.

## Funding Levels

During the past 10 years, federal transit funding, adjusted for inflation, has been slashed in half, while highway funding levels have soared. The single most important part of our proposal is to restore transit funding to the level of ten years ago, as adjusted for inflation.

To restore a more balanced federal funding policy, we urge Congress to authorize and appropriate $6.5 billion for transit in FY 1992 and to let this amount grow to $11 billion over the next five years, for a five-year program of $39 billion. We are very pleased that the Public Works Committee leadership, in the views and estimates submitted to the Budget Committee, has urged that the federal transit program be $34.5 billion over the same period. We have conveyed our enthusiastic support for the $34.5 billion proposal to Budget Committee members and look forward to working with the Public Works Committee in support of funding in this range.

We welcome the Committee's call, in the views and estimates, for recapturing for transportation purposes the 2.5 cents per gallon of the gas tax that goes to deficit reduction, and we support an eventual seven cent per gallon increase in the gas tax for transit purposes.

In contrast, the Administration would freeze funding levels with only a token increase in the fifth year of the program. During the same period, funding for highways would increase 40 percent. Given the problems of energy consumption, clean air, gridlock, mobility, and economic development, the Administration's funding priorities are exactly the opposite of what they should be.

Charts 4 and 5 demonstrate the disparity in funding priorities over the past decade. Chart 4 compares the growth of highway funding to the reduction of transit funding. Chart 5 shows how federal support of transit in real dollars has been cut in half.

A program of the size recommended by the Public Works Committee leadership and APTA will provide an appropriate federal contribution to transit capital and operating funding requirements in FY 1992 through FY 1996. The proposal reflects real needs: The Nation's transit systems require $15.1 billion per year in 1992 through 1997 for capital investments, a total of $90.8 billion in that period. More detailed information on these needs is contained in the *APTA Survey of Transit Capital Needs, 1992-1997, Advance Summary of Findings*. The *Survey* is the most definitive available source of information on the capital investment requirements of U.S. transit operators.

APTA's program is designed to double transit ridership by the end of the century. Achievement of this goal is essential if we are to have any chance of making progress on such national goals as cleaning up the air, promoting an efficient national transportation network so goods and people can move efficiently, and expanding mobility options for all citizens. Without stable and reliable federal support, our industry will be unable to make these contributions. Instead, individual transit systems will be forced to scrape by from year to year as they have over the past few years.

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Chart 4

The Divergence of Federal Transit and Highway Funding, Actual Budget Authority (1981-1991) and Administration Proposed Budget Authority (1992-1996), Billions of Dollars

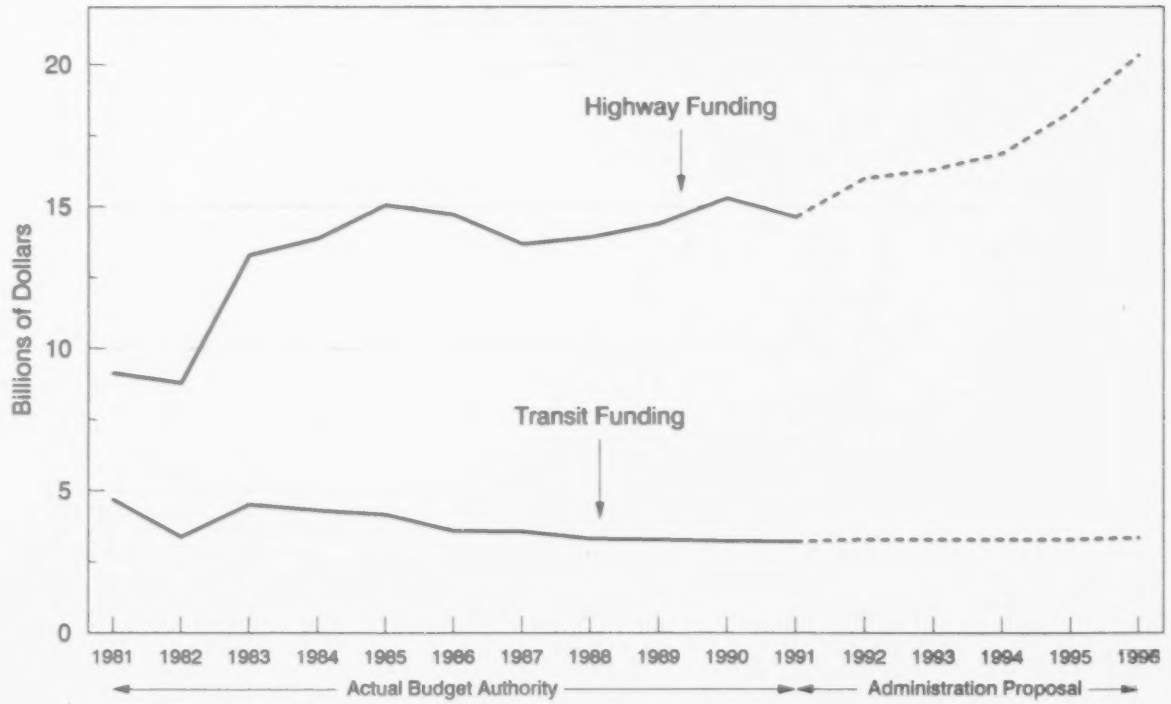
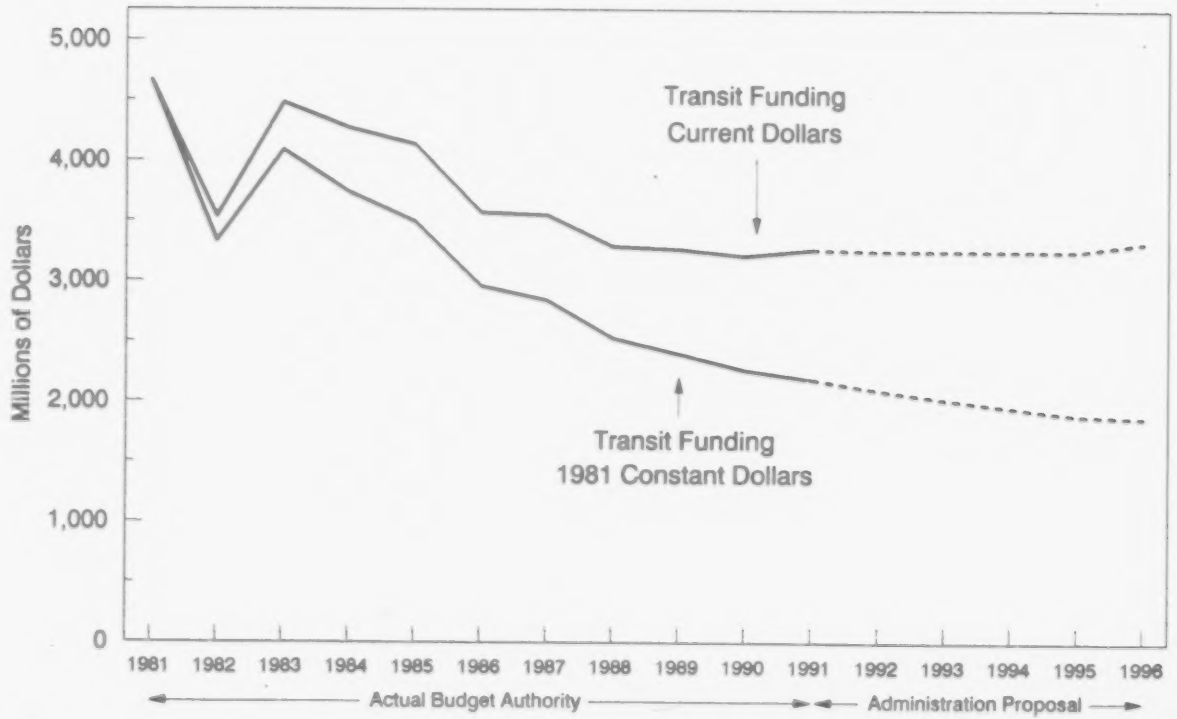


Chart 5

The Effect of Inflation on Federal Transit Budget Authority
(1981 - 1996, Millions of Dollars)



APTA's program will benefit the transit supply industry, which provides goods and services to transit operators. By assuring predictable, long-term demand, it will encourage firms to remain in this field. They will be able to maintain employment levels, invest in productivity improvements, and concentrate on meeting the challenges posed by new federal clean air and accessibility mandates.

In contrast, the Administration reauthorization proposal would perpetuate instability and uncertainty. The lower funding level, limits on operating assistance, and other damaging program changes will force many transit systems to delay or abandon planned maintenance of existing facilities. Long-term expansion plans will be put on the shelf. Some transit supply firms may leave the field entirely.

## Funding Sources

Currently transit is funded from both the Mass Transit Account and from General Fund revenues. The Administration proposes a departure from current policy that could have a long-term disastrous impact on transit. It proposes the immediate elimination of General Fund support for transit, together with a spend-down of the Mass Transit Account. At the end of five years, that would leave transit with no fund balance to draw on and a relatively small income stream from the Mass Transit Account.

APTA agrees that the Trust Fund balance should be spent down, but we strongly object to elimination of General Fund support. We applaud the Public Works Committee and Surface Transportation Subcommittee leadership for the bipartisan call urging the return to the trust fund of the 2.5 cent per gallon of the federal fuels excise tax that goes to deficit reduction. As your proposal recognizes, continued support from the General Fund is needed to reach the levels of funding necessary for a sound transit program.

An increase in the federal gasoline tax dedicated to mass transit should be considered. APTA recommends an eventual increase of 7 cents per gallon to be earmarked for the Mass Transit Account of the Highway Trust Fund. Our polling indicates that the American people are willing to pay a higher gas tax if they know that it will be used to reduce congestion, increase mobility, and keep transit fares at affordable levels. The recent events in the Persian Gulf are a powerful reminder that we benefit from alternatives to gas-guzzling cars and that increased fuel taxes are a means of encouraging such alternatives. Even with a 7 cent per gallon increase, the U.S. consumer would continue to pay a far lower gas tax per gallon and a far lower total price for gas than the consumer in any other industrialized nation. There has been virtually no public opposition to last year's five-cent increase in the federal gas tax. The federal government should realize that higher gas taxes provide an opportunity to invigorate a partnership for public good.

**Balance: Federal/Local Cost Sharing**

APTA's reauthorization proposal eliminates modal biases and allows states and local governments to make decisions about transportation investment based on transportation needs. Our proposal is designed to ensure that the federal program provides state and local government agencies with the resources to develop transportation plans in an unbiased way. A bias-free federal program will enable a Metropolitan Planning Organization (MPO) to incorporate air quality, congestion reduction, mobility enhancement, and land use considerations into its Transportation Improvement Plan.

We are very concerned that the Administration proposal contains a number of provisions that will make it difficult to make unbiased decisions. One obvious problem is that, under the Administration's proposal, the federal government would pay 75 to 90 percent of the cost of most highway programs but only 50 percent for transit new starts and 60 percent for other transit programs. There can be no doubt that this process will skew the local decisionmaking process in favor of highways. Whatever the balance between federal and local cost sharing Congress chooses, there should be an equal cost sharing formula for highways and transit.

We recognize that the proposed Urban/Rural Program, the most obvious "flexible" element of the Administration program, provides a 60 percent federal share for highway and transit programs. While we think that a more appropriate federal share would be 80 percent, at least this program is balanced. The problem is that many urban highways may be included in the National Highway System. At a total potential length of 165,000 miles, the National Highway System could be nearly four times the size of the present 43,000-mile interstate system. There is all too much room to include an area's proposed new highways in this program and obtain its 75 percent federal share.

In addition, we strongly oppose the Administration's proposal that new start transit projects be subjected to a cumbersome "alternatives analysis" but no such requirement would exist for highway projects. At a minimum the burden should be equal. Indeed, if anything, there should be an alternatives analysis for highway projects to see if a transit project would be more energy efficient or environmentally sound.

This is just one element of the Administration proposal that would make it more difficult for state and local governments to integrate land use and transportation plans. Another concern is that 70 percent of National Highway Program funds would be allocated according to each state's share of national highway use of motor fuel. This would penalize states that limit fuel consumption and vehicle miles travelled through transit use.

Another problem concerns the bias in planning requirements. While the FHWA defers to local planners on highway projects and allows multicorridor planning, UMTA

constantly looks over the shoulders of state and local decisionmakers and must approve many individual steps before a transit new start can be approved. UMTA, in effect, stands ready to substitute its judgment for that of the local officials who are most knowledgeable about the community. The alternatives analysis requirements proposed by the Administration will add to these hurdles. They make sense if the goal is to prevent transit projects from being built, not if the goal is to reduce vehicle emissions, conserve energy, or provide an alternative to the single-occupant vehicle.

The elimination of these provisions, which would put federal officials in the business of second-guessing localities, would go far toward creating a federal program that is neutral with respect to modal choice -- highways or transit. What is really needed, however, is a positive federal program that actively encourages energy saving, environmentally sound transportation systems.

Sacramento, one of the fastest-growing metropolitan areas in the country, illustrates the opportunities and risks. The Sacramento Regional Transit District has created an integrated rail and bus service system with community guidance. In two years, from October 1988 to October 1990, system ridership has increased by 34 percent. Initiatives include corporate outreach for transit pass subsidies and education programs, expansion of the rail system, and planning for trip reduction ordinances required by the Clean Air Act Amendments. There is also an innovative effort to incorporate "Transit Oriented Development" in the area's planning process. This concept calls for "Pedestrian Pockets," communities centered around transit stations and with population densities that allow many activities to be conducted on foot or bicycle while workers commute to their jobs by transit.

For Sacramento and other communities throughout the Nation, federal policy can help create a future where transit is an integral part of the community and a major contributor to the solution to problems of air quality, congestion, and land use. Higher federal shares for highway funding could skew local planning decisions, as could planning requirements that make it harder to implement transit programs. The elimination of operating assistance, since the Sacramento area will exceed one million in population, would cut Transit District revenues by 10 percent at this crucial juncture. Federal tax policy and funding decisions will send a strong message to individuals. The federal message should be to use transit when possible, not to penalize those who do by denying them tax advantages and forcing them to pay higher fares.

## Flexibility

Flexibility is a concept that all parties seem to embrace in this debate, but it means radically different things to different people. During the process of developing an industrywide consensus on reauthorization, the transit industry has been supportive of flexible use programs provided that a core transit program is funded adequately. We

continue to believe that it is appropriate to give metropolitan areas the option to develop transportation plans with as few restrictions as possible so that local conditions can be dealt with effectively at the level where they are best understood.

We are, however, alarmed by the concept set forth in the Administration bill, which is tantamount to a one-way policy. Somehow the concept of a protected core transit program seems to have been lost. It is theoretically possible that over 90 percent of federal transit funds could go to highway programs under this proposal. Only a small fraction of highway funds would be available for transit projects. That is precisely the wrong way to implement flexibility and we object strongly to the proposal. It would be very unfortunate if this valuable urban transportation planning mechanism were to be ensnared in a proposal of this nature. We look forward to continuing the dialogue on ways that flexibility can be implemented for both transit and highway programs in a fair and equitable way for all concerned.

The policy of flexibility adopted by Congress should assure that transit needs are adequately met before any funds are transferred. It is inequitable to have slashed funding in half over the past decade and then insist that what little is left be totally up for grabs by highway projects in the future. At current levels, transit cannot afford its core needs, much less subsidize the highway program. Neither should the bill contain, as the Administration proposes, substantial hurdles for new start transit projects when no such hurdles exist for highway projects. A precondition to flexibility should be the restoration of the balance between highway and transit funding priorities.

## Transit Program Structure

APTA's proposal builds on the existing program to ensure that transit will be a full partner in the intermodal transportation system that responds to our needs in the 1990s and beyond. Unfortunately, the Administration's reauthorization proposal includes a number of unwise changes that, if adopted, would prevent transit systems throughout the Nation from fully participating in this new intermodal transportation program. In particular, proposed changes to the Section 3 discretionary program and the Section 9 formula program will endanger existing service levels and forestall the chance to plan for the future.

APTA proposes that the Section 3 program continue as part of a transit "categorical and reinvestment program," receiving approximately 26 percent of the funds made available at the $6.5 billion funding level. Section 3 would continue to authorize the distribution of funds on a discretionary basis for the purposes of (1) construction of new fixed guideway systems and extensions to existing fixed guideway systems; and (2) for the purchase of buses and related equipment and the construction of bus-related facilities. Section 3 would also continue to fund rail modernization projects, but funds would be apportioned by formula rather than through discretionary grants.

Of the funds made available for the section 3 program, 44.44 percent would be available for new starts and extensions of fixed guideway systems; 44.44 percent for formula rail modernization; and the remaining 11.11 percent would be available for bus and bus-related capital expenditures. At a $6.5 billion funding level, this would include over $750 million for new starts, $750 million for rail modernization, and $190 million for bus capital under the section 3 program.

The federal share of a Section 3 project would be set at 80 percent of net project cost, the same as we propose for other projects. The federal share of a transit capital project should be equal to the federal share of a highway project so that the surface transportation program does not create a financial incentive to select one mode rather than another. It would also be stipulated that the Secretary of Transportation could not require a community to provide a greater local share (or "overmatch") as part of the technical criteria in making a discretionary grant award.

In contrast, the Administration proposal would effectively eliminate the bus and bus-related element of the Section 3 program, transfer the rail modernization element, with changes, to the Section 9 program, and cap the new starts program at $300 million per year in FY 1992 and 1993, $380 million in FY 1994 and 1995, and $400 million in FY 1996. Each year, an additional $50 million in Section 3 funding is available for other purposes including the costs of compliance with the ADA and the Clean Air Act.

We oppose this drastic revision of the section 3 program. It grossly underestimates the need for new start, rail modernization, and bus programs. Worse still, it is unrealistic to the point of absurdity in its underestimate of ADA and Clean Air costs.

## New Start Criteria

In recent years, UMTA has narrowed the criteria for evaluating new transit system proposals with the admitted objective of reducing federal support for new system development. Current practice force individual transit systems to focus on short-term operational economics and to provide higher local matches in order to increase the likelihood of federal approval or financial participation in new starts. These shortsighted constraints are clearly inappropriate to guide decisions on new systems that are needed to address future local and national concerns.

At a minimum, Section 3 language guiding decisions on new system development should be revised to accommodate the following objectives:

1) UMTA should not be allowed to make preemptive judgments that halt planning and analysis of a new system in its early stages. System planning, alternatives analysis, and preliminary engineering should be allowed -- and encouraged -- to proceed

with the use of federal funds. UMTA should not be allowed to declare such prospective projects effectively "ineligible" until such time that final design and engineering funds are requested.

2) Criteria must be broadened, for both transit and highway projects, to require overt consideration of land use, air quality, and related impacts, both quantitative and qualitative.

3) Provision should be made to reward and encourage areas that demonstrate progressive and effective steps to integrate land use and air quality considerations. Without such encouragement from federal programs, major transportation investment decisions will continue to be made in a vacuum.

## Rail Modernization

A vital rail modernization program is one of the best investments we can make. The Nation's heavy rail transit systems are located in densely populated, built-up urban areas that are home to millions of Americans. They pollute less per passenger mile than any other vehicle; their share of unlinked passenger trips represents a significant share of total trips in these urban areas, greatly reducing the demand for other surface transportation facilities; and they require substantial investment to maintain and upgrade services and to comply with federal accessibility requirements. Only with adequate rail modernization investment can these systems continue to provide crucial services in the urbanized areas that are the nerve centers of U.S. economic life.

APTA's rail modernization proposal is designed to accommodate the needs of the eight historic rail systems and also the newer systems which will also face significant rail rehabilitation costs during the next five years. Of the funds made available for rail modernization, the eight historic urbanized areas, as a group, would be held harmless up to an appropriation level of $455 million. In formulating this proposal, the transit industry does not have a specific recommendation for the distribution of funds among the eight traditional recipients. This could be done using many factors, including consideration of historic share, rail modernization needs, and so forth.

For funding levels over and above $455 million, the rail modernization and rehabilitation program would be distributed on a formula basis as follows: (a) for the next $70 million of funds ($455-525 million), 50 percent of this amount would be distributed to the eight historic recipients of rail modernization funds on the basis of section 9 formula factors; the remaining 50 percent would be distributed to all other fixed guideway recipients on the basis of the section 9 formula factors, and (b) for all funds in excess of $525 million, all funds shall be distributed based on the Section 9 fixed guideway formula.

Of particular concern is a consequence of the Administration's proposal to include $600 million for rail modernization funding in section 9. Because this $600 million is set aside before the section 9 funding allocation process begins, there will be an adverse impact on the section 9 bus funding if the section 9 appropriation is less than the authorized amount. This is not a theoretical concern since historically appropriations have not matched authorized funding levels. Taking a program "off the top" violates a principle that we in the industry subscribe to of "share the pain, share the gain."

**Section 9 Program/Operating Assistance**

APTA proposes to retain the existing Section 9 Formula Program at higher funding levels. The current matching requirements would be retained, with the federal share set at 80 percent of a capital project and 50 percent of a system and service maintenance grant. APTA's reauthorization proposal calls for the continuation of federal operating assistance to all transit systems as part of a service and system maintenance assistance program.

In contrast, the Administration proposal seeks to eliminate operating assistance for urbanized areas with more than 1,000,000 people and to limit the applicability of operating assistance in all other UZAs. This would have extremely negative and counterproductive results in these urban areas where the U.S. Census Bureau reports that over 50 percent of our population now resides.

The loss of large urban area operating assistance would require immediate and significant fare increases. This, in turn, would reduce ridership and prompt service reductions in precisely those areas where the problems of pollution, congestion, and gridlock are the worst. It is hard to imagine a more counter-productive policy direction.

Federal operating assistance for all sizes of transit systems remains essential to ensure adequate maintenance and effective operation of the Nation's transit infrastructure and realization of the full continuing benefit of federal capital investments in transit. APTA's operating assistance proposal is designed to maintain the viability of transit service throughout the Nation so that transit can fulfill its role in achieving national objectives relating to environmental, mobility, congestion, energy conservation, and productivity concerns. A technical description of our proposal has been provided to the Subcommittee.

The case of New Jersey Transit illustrates the drawbacks to the Administration's operating assistance proposal. The elimination of $35 million in operating assistance to New Jersey Transit would result in a 17 percent fare increase. As a result of this fare increase, more than 8.5 million additional automobile trips would be made on New Jersey highways. This would mean more pollution, congestion, and oil consumption at a time when New Jersey is struggling to meet federally established clean air mandates.

Without federal operating assistance, many transit systems would have no alternative but to increase fares and reduce services. Those who depend on transit would be unable to travel. Those who have a choice would either turn to their automobiles or pay a penalty for continuing to use environmentally sound, energy-saving transit services.

It is disingenuous at best for the Administration to say that the federal government should not have to pay for operating assistance because it does not tell transit systems how to operate. In truth, the federal government has imposed many operating requirements on the Nation's transit systems. From spare bus ratios to labor practices, the federal government has dictated operational practices that affect every aspect of transit system operations. Under these circumstances the federal government has a growing responsibility to support transit operations.

APTA's proposal preserves, with constructive changes, the existing Section 3 program and operating assistance provided under the section 9 program. These changes are responsive to the transit industry's needs and they will enable the industry to play its role in an intermodal national transportation system. In contrast, the Administration's unwise changes will prevent the transit industry from fulfilling its potential. The consequences will be felt by everyone, whether or not they use transit, in terms of increased pollution, congestion, and inefficiency.

## Rural Transportation and Small Transit Systems

Public transit is not simply an issue for large transit systems in large urban areas, but also a valuable asset for rural areas, small urbanized areas, and small operators in the larger areas. Of APTA's nearly 500 transit system members, over half are classified as small operators. These systems operate fewer than 100 buses during peak service hours. In many cases, these transit systems are a vital link in holding our communities together.

It is important to small operators and non-urban transit systems that the reauthorization proposal:

1) increase funding for the Section 18 non-urban program;

2) protect operating assistance for small operators.

3) define "flexibility" in a way that protects core transit needs;

4) retain the provision of current law that allows transit systems in urbanized areas of less than 200,000 people to be eligible for Designated Recipient status;

5) protect the independence of the Section 16(b)(2) program, the Section 18 program, and that share of Section 9 funding that goes to UZAs under 200,000 people; and

6) consider the needs of small operators within large UZAs.

Section 18 Funding

APTA supports increased funding for the Section 18 non-urban program at approximately 3 percent of the total UMTA program level, or about $200 million if the $6.5 billion level is achieved. Section 18 is a crucial element of rural development efforts. For senior citizens, services provided under this section can make the difference between staying in your hometown and unwilling displacement. For low-income people, these services can make the difference between access to training and jobs and continued unemployment.

Operating Assistance for Small Urbanized Areas

APTA's reauthorization proposal calls for the continuation of federal operating assistance to all transit systems. This proposal is responsive to the needs of all systems including small operations. It is preferable to the Administration's proposal, which retains operating assistance for UZAs with fewer than 1,000,000 people but unjustifiably limits the purposes for which these funds can be spent.

The Tri-State Transit Authority of Huntington, West Virginia, known as "TTA," is just one of many small operations that would be severely impacted by the Administration proposal. Federal operating assistance comprised approximately one-fourth of TTA revenues. Preliminary estimates indicate that the Administration proposal would allow TTA to use operating assistance for about 4 percent of its expenses. That would be a devastating blow in the absence of alternative sources of funds.

The Tri-State Transit Authority receives very little state assistance and can expect no increase because the state budget must be cut. Local assistance is a crucial source of revenues and is made up largely from property taxes which the voters approved in 1982, 1984, 1986, 1988, and 1990. More revenue is not available from this source. Many other small operators would face the same kind of difficulties if the Administration's operating assistance proposal were adopted.

Flexibility

The concept of flexibility, as construed by the Administration, is potentially a disaster for small operators and rural systems. Without protection for the core needs of transit, it may thrust these small agencies into a battle over the use of resources with much more powerful state-wide departments and agencies, many of which have an

historically greater interest in road-building. As a consequence, many smaller systems believe that flexibility should only be applied in large urban areas.

Designated Recipient Status

APTA's reauthorization proposal specifies that Congress should retain the current provision that allows transit operators in UZAs under 200,000 people to be eligible to serve as Designated Recipients. In contrast, the Administration proposal would eliminate the ability of these operators to serve as Designated Recipients. Although this change would not be a problem in some states, but in others it could be highly damaging to transit services in small urbanized areas. It is our view that current law allows for a useful and appropriate degree of flexibility for UZAs under 200,000 population and should therefore be retained.

Protect Individual Programs

APTA supports reauthorization at higher funding levels of the existing Section 16(b)(2) program, the Section 18 program, and the Section 9 funding for UZAs with fewer than 200,000 people. Each of these programs was established to meet a distinct, identifiable need and each is still pertinent. The Administration recognizes the value of these programs by proposing to retain the existing authorization language. Yet, disturbingly, the Administration undercuts its own support for these programs by seeking to turn the three programs into a block grant by giving state governors the authority to allocate the funds for the three programs.

We do not support this approach. Each program answers a particular need and should be authorized at an appropriate level with administrative protections to assure that these needs are served in a reliable and predictable way.

Small Operators in Large Urbanized Areas

Many small transit operators provide services in large urbanized areas. They must comply with any federal requirements that apply to large UZAs, however burdensome. Federal policymakers should take account, in the reauthorization proposal and other legislation, of the undue burden these requirements place on these systems.

For example, the Culver City Municipal Bus Lines, with 28 buses, and the Montebello Bus Lines, with 51 buses, both operate in the greater Los Angeles area. Federal policy should ensure that these and other small operations can continue to meet the needs of their local communities and are not overwhelmed by requirements that may be more suited to major regional operators.

Transit systems play an important role in the lives of small urban areas and rural areas. APTA's reauthorization proposal addresses the needs of these transit systems in a

number of important ways: increased Section 18 funding, maintaining reasonable but effective administrative requirements, preserving vital operating assistance, and protecting the core needs of all sizes of transit systems before making transit funding available for flexible use purposes.

## Research, Development, Training, and Human Resources

One area in which APTA is close to agreement with the Administration is the importance of transit research, development, and related programs. The Administration would earmark 2.8 percent of transit funding for research, development, training, and human resources. We propose to continue the research, training, human resources, and planning programs provided for in sections 4(i), 6, 8, 10, 11, 18, and 20 of the Urban Mass Transportation Act. These programs would receive 3 percent of the funds made available at the $6.5 billion funding level.

One-third of these funds would be used to support a "National Research and Training Program" for research, demonstration, managerial training, technical training, technical assistance, and human resource priorities as determined by the Secretary of Transportation. As part of this program, a new provision would be added to section 11 allowing the Secretary to undertake and support projects designed to showcase products and services of the domestic transit supply industry in the international marketplace.

The remaining two-thirds of these funds would be used to support a "State and Local Planning and Research Program" that would include support for transit planning at the state and local level and the rural technical assistance program. A new provision would be added to section 11 authorizing the secretary to enter into a contract with the National Academy of Sciences for the purpose of implementing the National Cooperative Transit Research Program at an annual funding level of $10 to $15 million. This program would be controlled by transit operators and would work to solve short-term operating problems.

It is our understanding that the Transit Development Corporation (TDC) will be the independent board that the Secretary will utilize to select research, development, and technology transfer activities to be carried out by the National Academy of Sciences. We welcome this approach and are redesigning the TDC board to ensure its effectiveness and to include the Federal Mass Transportation and Highway Administrators as *ex officio* members of the board. We look forward to working with them to carry out projects. We understand that the TDC would have the authority to enter into contracts with other organizations including APTA for purposes of disseminating information concerning the results of the research program.

The Section 8 planning program must be continued and strengthened, as part of the State and Local Planning and Research Program, for three reasons:

1) Metropolitan Planning Organizations will play a central role in establishing how Clean Air Act requirements will be meshed with transportation plans. Exercising this responsibility effectively will require substantial increases in support for necessary air quality monitoring and modeling activity. Without increased funding for these complex and expanding responsibilities, it is unlikely that the technical data will be available to support politically difficult decisions about the proper mix of transit and highway investments in urban areas.

2) MPOs are the only institutions that can manage the critical relationships of land use, economic development, and transportation. Considerably more support is needed for long-range community planning and development activity if transportation decisions are to serve local development goals and needs. Funding for the section 8 program should assure that these critical functions -- air quality conformity planning, and integrated land use and transportation planning -- are to be carried out more effectively.

3) Transit systems and MPOs in collaboration must be assured of adequate funds to proceed through new system planning in a comprehensive and unrestricted way without premature federal action to limit or foreclose consideration of new system development as is now the case.

## UMTA Meeting Provision

One provision of the Administration bill that is of special concern to APTA as an organization is proposed Section 26(a)(2) of the Urban Mass Transportation Administration Act. This section would encourage UMTA to hold conferences and meetings for the industry and "to charge and retain fees, tuition, or amounts resulting from conferences, seminars, training sections and the like." Under this newly proposed section, the revenues raised by UMTA would not be posted in the miscellaneous receipts of the United States Treasury but would instead be used to augment funds appropriated by Congress to administrator to UMTA.

APTA is extremely concerned that this provision will provide strong incentives for UMTA to conduct meetings and seminars that essentially resemble those carried out by trade associations like APTA for its members, competing with an activity that we believe is well performed -- and in a free society better performed -- by the private sector. No other modal administration within the Department of Transportation has such authority and we believe it is absolutely unnecessary and improper. While we have the greatest respect for Secretary Skinner and UMTA Administrator Clymer and their knowledge, experience, and forceful advocacy for transit, we do not believe that they need the authority to hold activities that compete with those conducted by the private sector. In fact, such authority appears to us to be at odds with the language expressed in the Urban Mass Transportation Act of encouraging private sector participation in programs funded under the Act. Therefore, we urge that proposed Section 26(a)(2) not be included in the

reauthorization legislation. In fact, APTA believes that if legislation on this subject is to be considered at all, it should prohibit UMTA from holding meetings that compete with the private sector and should require instead that UMTA contract with a private organization after issuing a request for proposal.

## At-Grade Rail Crossing Program

For decades, commuter rail systems have provided essential service in many parts of the country. In other areas, including the Virginia suburbs of Washington, D.C., the Boston area, and the Los Angeles-San Diego area, there is growing interest in expanding this form of transportation service. A supportive federal program can provide valuable encouragement for existing and proposed commuter rail systems.

One issue that concerns APTA's commuter rail members has to do with at-grade crossing improvements. The Administration proposal would not provide for a separate program, along the lines of the existing section 130 program, to support these safety improvements. We believe that it would be beneficial for the reauthorization legislation to address this important highway safety issue by ensuring, in an appropriate way, the continuance of a federal program that would allocate federal highway funds to the states for needed grade separation and improvement of rail-highway crossings.

## Buy America Provision

APTA has carefully reviewed the Buy America provision applicable to the transit program and recommends that no changes be made at this time. Our position is based in large part on the unanimous position of a task force made up of APTA Associate Members and includes a review of the Administration's proposal to expand the already significant waiver authority under Section 165 of the Surface Transportation Assistance Act of 1982. APTA concurs with the Railway Progress Institute's position on this issue.

We oppose the Administration's proposed change because:

1) There is a strong national interest in fostering and maintaining a healthy domestic transit supply industry. The current Buy America provisions have worked to keep U.S. dollars in this country and to attract foreign investment in the U.S. transit supply industry. They provide stability and predictability that allow foreign and domestic firms to make long-term plans that would be jeopardized by the proposed changes.

2) Thousands of U.S. jobs are at stake. The Buy America provisions help to protect these jobs.

3) The Administration delayed issuing regulations implementing 1987 amendments to the Buy America statute until earlier this year; the transit industry should be permitted to gain experience under the recently issued regulations before additional changes are considered.

4) The Administration's proposal would add a fifth waiver provision to the Buy America statute granting the President authority to waive the statute's applicability to countries where there is an agreement pursuant to Section 301 of the Trade Agreement Act of 1979. This proposal fails to address the fact that many barriers to reciprocal free trade exist at local and regional levels of government in other countries. The proposed amendment would have the potential, therefore, of opening up U.S. markets without any guarantee that U.S. firms would have reciprocal access to foreign markets.

## Conclusion

The transit industry has developed an unprecedented consensus after months of work on a comprehensive plan for reauthorization that will take transit into the next century. APTA has been immensely pleased by the outpouring of support for transit shown by Members of Congress, state and local elected officials, business, labor, and public interest groups. We are especially encouraged by the enthusiastic response of hundreds of groups to the development of the Transit Now coalition which brings together all the various supporters of transit for the first time as a unified force.

APTA's reauthorization proposal provides the federal leadership and resources to make transit a full partner in an intermodal transportation network that contributes to the achievement of national goals for clean air, energy conservation, mobility, reduced congestion, and higher productivity.

Never has the case for federal leadership and funding of transit been so strong. As we move toward the year 2000, there can be no doubt that transit will be a fundamental part of our national policy on competitiveness, energy, environment, mobility, productivity, and economic development. APTA stands ready to do everything it can to assist Congress to help get the country moving again.

TESTIMONY OF THE

AMERICAN PUBLIC TRANSIT ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

HOUSE COMMITTEE ON

PUBLIC WORKS AND TRANSPORTATION

APRIL 10, 1991

STATEMENT BY

LAWRENCE DAHMS

MEMBER, APTA LEGISLATIVE COMMITTEE

EXECUTIVE DIRECTOR, METROPOLITAN TRANSPORTATION COMMISSION

OAKLAND, CALIFORNIA

I AM LAWRENCE DAHMS, EXECUTIVE DIRECTOR OF THE METROPOLITAN TRANSPORTATION COMMISSION OF OAKLAND, CALIFORNIA, THE MPO FOR THE SAN FRANCISCO BAY AREA. IT IS A PLEASURE TO BE HERE WITH MY COLLEAGUES ON BEHALF OF THE U.S. TRANSIT INDUSTRY.

WE OFFER AN AMBITIOUS PROPOSAL FOR THE REAUTHORIZATION OF FEDERAL SURFACE TRANSPORTATION PROGRAMS AS FOLLOWS:

TO BEGIN, WE PROPOSE RESTORING FEDERAL TRANSIT FUNDING TO WHERE IT WAS 10 YEARS AGO. THAT IS $6.5 BILLION IN INFLATION-ADJUSTED DOLLARS.

SECOND, WE ASK FOR GROWTH OVER FIVE YEARS SO THE TRANSIT PROGRAM REACHES $11 BILLION IN THE LAST YEAR; AND

IN THE PROCESS, WE ASK THAT CONGRESS ELIMINATE THE BIAS AGAINST TRANSIT IN MATCHING RATIOS AND OTHER REQUIREMENTS.

APTA'S PROGRAM MAKES SENSE BECAUSE TRANSIT IS A FUNDAMENTAL PART OF THE SOLUTION TO SEVERAL PROBLEMS AFFECTING AMERICA'S QUALITY OF LIFE AND ECONOMIC HEALTH. THESE INCLUDE:

*ENERGY: TRANSIT'S ROLE IN ACHIEVING ENERGY INDEPENDENCE IS

MORE COMPELLING THAN EVER BEFORE. EVERY COMMUTER WHO SWITCHES FROM DRIVING ALONE TO TRANSIT SAVES 200 GALLONS OF GASOLINE PER YEAR. IF 10 PERCENT OF URBAN AUTO TRIPS WERE REPLACED BY TRANSIT, WE WOULD SAVE OVER 300,000 BARRELS OF OIL EACH DAY.

*CLEAN AIR: NEW CLEAN AIR MANDATES MAKE TRANSIT USE MORE IMPORTANT THAN EVER. WITHOUT STRONG FEDERAL ENCOURAGEMENT FOR TRANSIT, SINGLE OCCUPANT VEHICLE USE WILL CONTINUE TO SOAR -- AND SO WILL AIR POLLUTION. WE WILL NEED EVEN GREATER TRANSIT USE TO COMPLY WITH NEW CLEAN AIR ACT REQUIREMENTS.

*MOBILITY: TRANSIT HAS LONG PROVIDED MOBILITY FOR MILLIONS OF CITIZENS WHO DO NOT HAVE ACCESS TO PERSONAL VEHICLES. NOW, SUCCESSFUL IMPLEMENTATION OF THE AMERICANS WITH DISABILITIES ACT DEPENDS ON ADEQUATE FUNDING FOR TRANSIT. TRANSIT IS THE KEY TO MOBILITY FOR MILLIONS OF SENIOR CITIZENS. FOR PEOPLE WITH LIMITED INCOMES, TRANSIT CAN BE THE DIFFERENCE BETWEEN A DECENT JOB AND UNEMPLOYMENT.

*CONGESTION: TRANSIT SHOULD BE ADVANCED WHEREVER FEASIBLE AS AN ALTERNATIVE TO GRIDLOCK THAT THREATENS OUR CITIES AND SUBURBS.

*COMPETITIVENESS AND PRODUCTIVITY: NOT ONLY DOES TRANSIT OFFER AN ALTERNATIVE TO GRIDLOCK, EVERY $10 MILLION INVESTED IN TRANSIT CAPITAL GENERATES 770 JOBS AND $33 MILLION IN BUSINESS REVENUES. EVERY $10 MILLION INVESTED IN TRANSIT OPERATIONS WILL SUPPORT 960 JOBS AND CREATE $30 MILLION IN BUSINESS REVENUE.

THE STAKES COULD NOT BE HIGHER AS CONGRESS ESTABLISHES A NEW SURFACE TRANSPORTATION POLICY. WE CAN NO LONGER PRETEND THAT STATE AND LOCAL GOVERNMENTS CAN MAKE UP FOR FEDERAL FUNDING CUTS. PUBLIC TRANSIT NEEDS MORE FEDERAL FUNDING FOR BOTH CAPITAL AND OPERATING COSTS. A STRONG FEDERAL PROGRAM WILL ENHANCE ENERGY INDEPENDENCE, IMPROVE AIR QUALITY, EXPAND THE MOBILITY OPTIONS OF ALL CITIZENS, REDUCE GRIDLOCK, AND MAKE AMERICA MORE PRODUCTIVE AND COMPETITIVE.

APTA'S DETAILED PROPOSAL IS INCLUDED IN OUR WRITTEN SUBMISSION, BUT HERE ARE SOME KEY POINTS:

*FUNDING LEVELS: IN THE PAST 10 YEARS, FEDERAL TRANSIT FUNDING HAS BEEN SLASHED IN HALF. WE URGE CONGRESS TO RESTORE WHAT HAS BEEN LOST WHICH WOULD REQUIRE $6.5 BILLION IN FY 1992, AND TO INCREASE FUNDING TO $11 BILLION PER YEAR BY FY 1996. THE ADMINISTRATION SEEKS TO FREEZE TRANSIT FUNDING AND INCREASE

HIGHWAY FUNDING BY 40 PERCENT. WE APPLAUD THE LEADERSHIP OF YOUR COMMITTEE AND SUBCOMMITTEE FOR THE FIVE-YEAR, $34.5 BILLION TRANSIT PROPOSAL THAT IS CLOSE TO APTA'S $39 BILLION PROPOSAL.

*FUNDING SOURCES: CURRENTLY TRANSIT IS FUNDED FROM BOTH THE MASS TRANSIT ACCOUNT AND FROM GENERAL FUND REVENUES. THE ADMINISTRATION PROPOSES TO ELIMINATE GENERAL FUND SUPPORT FOR TRANSIT. APTA AGREES WITH THE PUBLIC WORKS COMMITTEE LEADERSHIP THAT THE TRUST FUND BALANCE SHOULD BE SPENT DOWN, AND WE DEEPLY APPRECIATE YOUR RECOGNITION THAT CONTINUED GENERAL FUND SUPPORT IS ABSOLUTELY ESSENTIAL AS WELL.

*BALANCE: THERE SHOULD BE AN EQUAL COST SHARING FORMULA FOR HIGHWAYS AND TRANSIT. THE ADMINISTRATION'S PROPOSAL WOULD PROVIDE MUCH HIGHER FEDERAL SHARES FOR HIGHWAYS THAN FOR TRANSIT, THUS CREATING FURTHER INCENTIVES TO BUILD HIGHWAYS INSTEAD OF TRANSIT. APTA PROPOSES TO ELIMINATE MODAL BIASES AND ALLOW STATE AND LOCAL GOVERNMENTS TO MAKE OBJECTIVE DECISIONS ABOUT TRANSPORTATION INVESTMENTS. WE STRONGLY OPPOSE "ALTERNATIVES ANALYSIS" APPLIED ONLY TO TRANSIT. THERE SHOULD BE A SINGLE DECISION PROCESS THAT EMPLOYS THE APPROPRIATE LEVEL OF ANALYSIS FOR CHOOSING HIGHWAY OR TRANSIT INVESTMENTS.

*FLEXIBILITY: FLEXIBILITY IS DESIRABLE, BUT BECOMES OPERABLE ONLY IF CERTAIN NECESSARY CRITERIA ARE MET, SUCH AS THE ASSURANCE OF EQUAL ACCESS TO BOTH STATE AND FEDERAL FUNDING, COMPARABLE MATCHING RATIOS, A SINGLE DECISION PROCESS. FURTHER, FLEXIBILITY IS NOT RELEVANT OR DESIRABLE IF IT THREATENS MAINTENANCE OF EXISTING SYSTEMS, TRANSIT OR HIGHWAYS.

ONCE AGAIN, WE APPLAUD YOUR COMMITTEE'S BOLDNESS IN IDENTIFYING HIGHER TRANSPORTATION INVESTMENT TARGETS. PROGRAM STRUCTURE IMPROVEMENTS AS SUGGESTED BY THE FLEXIBLE INVESTMENT CONCEPT CAN ONLY BE ACHIEVED WHEN PROGRAM LEVELS ARE INCREASED. THE HIGHER LEVELS PROPOSED BY YOUR COMMITTEE OFFER THE DUAL BENEFIT OF NEEDED FUNDING AND STRUCTURAL ADVANCEMENT.

TESTIMONY OF THE

AMERICAN PUBLIC TRANSIT ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

HOUSE COMMITTEE ON

PUBLIC WORKS AND TRANSPORTATION

APRIL 10, 1991

STATEMENT BY

SHIRLEY A. DELIBERO

MEMBER, APTA LEGISLATIVE COMMITTEE

EXECUTIVE DIRECTOR, NEW JERSEY TRANSIT CORPORATION

NEWARK, NEW JERSEY

I AM SHIRLEY DELIBERO, EXECUTIVE DIRECTOR OF THE NEW JERSEY TRANSIT CORPORATION. NJ TRANSIT IS NEW JERSEY'S STATEWIDE PUBLIC TRANSPORTATION AGENCY, PROVIDING COMMUTER RAIL, LIGHT RAIL, COMMUTER BUS, AND LOCAL BUS SERVICE TO APPROXIMATELY 400,000 DAILY RIDERS.

AN EFFECTIVE AND EFFICIENT MASS TRANSPORTATION SYSTEM IS ESSENTIAL IF NEW JERSEY AND THE NATION ARE TO SUSTAIN ECONOMIC DEVELOPMENT, IMPROVE AIR QUALITY, AND REDUCE FOREIGN OIL DEPENDENCE. NEW JERSEY, LIKE MANY OTHER STATES, IS CONFRONTED WITH TRAFFIC CONGESTION AND AIR POLLUTION PROBLEMS THAT THREATEN OUR OVERALL QUALITY OF LIFE.

GOVERNOR FLORIO AND OTHER STATE OFFICIALS RECOGNIZE THAT A STABLE AND EXPANDED MASS TRANSIT SYSTEM IS THE KEYSTONE TO PROMOTING MOBILITY AND REDUCING THE DEPENDENCY ON THE SINGLE OCCUPANT AUTOMOBILE. GOVERNOR FLORIO, IN HIS STATE FISCAL YEAR 1992 BUDGET REQUEST, HAS PROVIDED SUFFICIENT FUNDS TO HOLD FARES AT CURRENT LEVELS. IN ADDITION, HIS BUDGET RECOMMENDS APPROXIMATELY $200 MILLION IN STATE CAPITAL ASSISTANCE, A 300 PERCENT INCREASE COMPARED TO FISCAL YEAR 1988.

OUR EFFORTS IN NEW JERSEY WILL GO FOR NAUGHT UNLESS THE FEDERAL COMMITMENT TO MASS TRANSIT IS INCREASED. APTA'S REAUTHORIZATION

PROPOSAL BUILDS ON THE EXISTING PROGRAM TO ENSURE THAT THE FEDERAL ROLE IS STRENGTHENED, AND THAT TRANSIT WILL BE A FULL PARTNER IN THE INTERMODAL TRANSPORTATION SYSTEM THAT WE NEED IN THE POST-INTERSTATE ERA. IN SHARP CONTRAST, THE ADMINISTRATION'S PROPOSAL WOULD UNDERMINE THE ABILITY TO DEVELOP A COMPREHENSIVE AND INTERMODAL TRANSPORTATION SYSTEM SINCE MASS TRANSPORTATION WOULD BE UNDERFUNDED AND THE RESOURCES ARE NOT THERE TO ADDRESS THE MOST URGENT MOBILITY NEEDS OF THE NATION.

SECTION 3 DISCRETIONARY GRANT PROGRAM

APTA PROPOSES THAT THE SECTION 3 PROGRAM CONTINUE TO PROVIDE FUNDS FOR FIXED GUIDEWAY, RAIL MODERNIZATION, AND BUS NEEDS. IN CONTRAST, THE ADMINISTRATION PROPOSAL WOULD ELIMINATE THE SECTION 3 BUS PROGRAM, TRANSFER THE RAIL MODERNIZATION ELEMENT TO THE SECTION 9, AND CAP NEW STARTS AT $300 MILLION IN THE FIRST TWO YEARS, $380 MILLION FOR THE NEXT TWO YEARS, AND $400 MILLION IN FY 1996.

WE OPPOSE THIS DRASTIC REVISION OF THE SECTION 3 PROGRAM. IT GROSSLY UNDERESTIMATES THE NEED FOR NEW START, RAIL MODERNIZATION, AND BUS PROGRAMS. I CAN TELL THIS COMMITTEE, THAT THE ADMINISTRATION'S PROPOSAL WOULD SEVERELY CURTAIL NEW JERSEY'S ABILITY TO MAINTAIN ITS BUS SYSTEM AND, WITH THE LIMITATION PLACED ON NEW STARTS, WOULD

SERIOUSLY CURTAIL NEW JERSEY'S ABILITY TO ADDRESS EMERGING MOBILITY NEEDS WITHIN THE GROWTH AREAS OF THE STATE.

AS IT CONCERNS RAIL MODERNIZATION, APTA'S PROPOSAL IS DESIGNED TO BETTER ACCOMMODATE THE NEEDS OF THE EIGHT HISTORIC RAIL SYSTEMS THAN DOES THE ADMINISTRATION'S PROPOSAL. THE APTA PROPOSAL ALSO RECOGNIZES THE NEED TO ADDRESS THE REHABILITATION NEEDS OF NEW SYSTEMS OVER THE COMING YEARS. THE ADMINISTRATION'S PROPOSAL WOULD SIGNIFICANTLY HURT THE OLDER RAIL SYSTEMS' ABILITY TO ELIMINATE DEFERRED MAINTENANCE BACKLOGS AND RETURN TO A STATE OF GOOD REPAIR. IT WOULD ALSO COME AT A TIME WHEN OLDER RAIL SYSTEMS MUST SPEND MILLIONS OF DOLLARS TO MEET THE AMERICANS WITH DISABILITIES ACT MANDATES.

SECTION 9 FORMULA PROGRAM

APTA PROPOSES TO RETAIN THE EXISTING SECTION 9 FORMULA PROGRAM AT HIGHER FUNDING LEVELS. WE CONTINUE OPERATING ASSISTANCE TO ALL TRANSIT SYSTEMS.

IT IS HARD TO IMAGINE A MORE COUNTERPRODUCTIVE POLICY THAN THE ADMINISTRATION PROPOSAL TO ELIMINATE OPERATING ASSISTANCE FOR URBAN AREAS WITH MORE THAN ONE MILLION PEOPLE. THIS WOULD REQUIRE FARE INCREASES OR SERVICE REDUCTIONS IN THE VERY PLACES WHERE POLLUTION,

CONGESTION, AND GRIDLOCK ARE MOST SERIOUS.

FOR EXAMPLE, THE ELIMINATION OF $35 MILLION IN OPERATING ASSISTANCE TO NJ TRANSIT WOULD RESULT IN A 17 PERCENT FARE INCREASE. MORE THAN 8.5 MILLION ADDITIONAL AUTO TRIPS WOULD BE MADE ON NEW JERSEY HIGHWAYS AS A RESULT OF THIS FARE INCREASE. WHAT THIS WOULD MEAN FOR NEW JERSEY IS MORE POLLUTION, MORE CONGESTION, AND MORE FOREIGN OIL CONSUMPTION. THIS INCREASED POLLUTION WOULD OCCUR AT A TIME WHEN NEW JERSEY IS STRUGGLING TO MEET FEDERALLY ESTABLISHED CLEAN AIR MANDATES.

ALTHOUGH THE $35 MILLION IN FEDERAL OPERATING ASSISTANCE IS A SMALL SHARE OF OUR BUDGET, APPROXIMATELY 6 PERCENT, IT IS CRUCIAL. WITHOUT IT, WE WILL HAVE TO INCREASE FARES OR REDUCE SERVICES, SOMETHING THAT OUR GOVERNOR HAS TRIED VERY HARD TO AVOID THIS YEAR. IT WOULD COME AT A TIME WHEN THE STATE IS HARD-PRESSED TO DEVELOP AN AIR-QUALITY PLAN TO ENSURE COMPLIANCE WITH THE CLEAN AIR ACT.

FEDERAL OPERATING ASSISTANCE FOR ALL TRANSIT SYSTEMS IS ESSENTIAL TO MAINTAIN AND OPERATE THE NATION'S TRANSIT INFRASTRUCTURE. APTA'S PROPOSAL IS DESIGNED TO ENSURE THAT TRANSIT CAN FULFILL ITS ROLE IN ACHIEVING NATIONAL GOALS FOR CLEANING UP THE AIR, ENHANCING MOBILITY FOR ALL CITIZENS, REDUCING CONGESTION, SAVING ENERGY, AND IMPROVING

PRODUCTIVITY.

CONCLUSION

APTA'S PROPOSAL RETAINS THE EXISTING SECTION 3 AND SECTION 9 PROGRAMS, INCLUDING OPERATING ASSISTANCE. WE HAVE ALSO INCLUDED CONSTRUCTIVE CHANGES THAT WILL ENABLE THE TRANSIT INDUSTRY TO BE A VITAL LINK IN A NATIONAL TRANSPORTATION SYSTEM.

TESTIMONY BY
HONORABLE DAVID N. DINKINS
MAYOR
CITY OF NEW YORK

Before

HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
SURFACE TRANSPORTATION SUBCOMMITTEE

2167 Rayburn House Office Building
Washington, DC

Wednesday, April 10, 1991
11:00 A.M.

Chairman Mineta and members of the Subcommittee on Surface Transportation:

I thank you for the opportunity to testify this morning on the reauthorization of our crucial federal highway and transit programs. I am joined this morning by Dr. Lucius Riccio, who serves with great ability as Commissioner of Transportation of the City of New York.

As Mayor of this nation's largest city, and perhaps the busiest center of commerce and communication in the entire world, one of my major concerns is transportation -- ensuring that New York City's nearly eight million residents can get from one place to another with the greatest possible ease and efficiency.

At a time of severely limited public resources, meeting this responsibility can be a daunting task. And as we prepare to enter the twenty-first century, our needs in this vital area have become increasingly complex.

New and comprehensive federal legislation demands that we balance our desire to improve mobility with our need to protect the environment from dangerous auto emissions -- and our need to

make communities more accessible to those with disabilities.

As our troops return from months of bitter conflict on the sands of the Persian Gulf, we must strive to reduce our dependence on foreign oil -- to loosen the grip of foreign dictators on our nation's economy. And we must begin to repair our nation's crumbling infrastructure, which is suffering from decay and neglect after more than a decade without a national transportation policy. I don't need to tell this subcommittee that the work that needs to be done for the maintenance and repair of our bridges, tunnels, tracks, and roads has left our transportation system lagging far behind that of other countries.

Amid these tremendous challenges, I am delighted that this subcommittee recognizes the need for a cohesive national strategy for transportation, and is approaching the issue with great seriousness and determination.

As this subcommittee is well aware, our nation needs a much larger transportation program to meet the rapid growth and increasing congestion in our nation's metropolitan areas. Indeed, recent census data indicates that nearly 90 percent of our nation's growth in the past ten years has occurred in metropolitan areas with more than one million residents. Today more than 77 percent of the nation's population lives in metropolitan areas.

Despite the growing needs of urban America, I believe that the Bush administration's proposals will have a devastating impact on New York and other cities that rely on mass transit. These proposals would shift our nation's transportation programs

into reverse -- at a time when we must move forward.

The most disturbing -- and regressive -- aspect of the President's program is that it favors our nation's highways at the expense of mass transit. Astonishingly, the proposals reward automobile use and gas guzzling -- while states and cities that strive to be more efficient and environmentally sound by encouraging the use of public transportation are essentially punished.

As highway funding would jump from this year's 14.1 billion dollars to 20.3 billion in fiscal year 1996, transit funding will merely inch from 3.25 billion to 3.4 billion during the last year of this five-year reauthorization -- an increase that will barely keep pace with inflation. And that's still far below the 1981 all-time high of 4.66 billion.

At the same time, this program would slash all mass transit operating assistance to cities with more than one million residents. The bitter irony is that these are the cities whose need for these funds is greatest. New York City's Metropolitan Transit Authority stands to lose 93 million dollars per year, and our Department of Transportation will lose 7 million per year -- dollars that we will be hard-pressed to replace.

In the past two months, the Bush administration has touted the "flexibility" of this plan; theoretically, we can transfer our highway funds to mass transit, and vice versa. But while every penny of a state's transit funds can be transferred to highways, a paltry 30 percent of highway funds can be transferred to mass transit.

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And these transfers do not take place on a level playing field. Since the federal government will contribute 75 percent of the funds for state and local highway projects but only 60 percent of the funds for transit programs, this proposal actually makes mass transit more expensive.

This reduction in matching funds is another classic example of the federal government shifting its traditional responsibilities onto state and local governments, without giving us the money to pay for them. Along similar lines, the Bush administration has also proposed the elimination of all General Fund support for transit; all funding would be shifted to the mass transit account of the Highway Trust Fund. In the long run, this will only make it easier for the federal government to reduce even further its commitment to mass transit. Such an underhanded tactic should be rejected out of hand.

By thwarting our efforts to expand transit programs, these proposals will make it virtually impossible for localities to comply with the Federal Clean Air Act and the Americans with Disabilities Act. Indeed, by advancing a transportation policy that conflicts with its own environmental and equal opportunity policies, the federal government is flattening its own tires.

Let me be very clear on this point: I fully support greater funding to rehabilitate our nation's highways. However, mass transit is essential if we are to reverse the growing congestion and pollution that plague our cities, and our entire country. We need to reduce dramatically the number of automobiles occupied by only one person. We need to shift some of the 100 million

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commuter vehicles off of our congested highways, and encourage these commuters to use mass transit. Right now, cars account for 85 percent of all commuting, and most households have more automobiles than members of our workforce. What is even more distressing is that over two-thirds of our workforce travel to their jobs along highly congested roads and highways. Given these conditions, our so-called "rush hour" isn't much of a rush.

To address this proliferation of cars solely by focussing on highways is to forsake prevention for a costly -- and not very prudent -- cure.

The solution is clear. The federal government should increase mass transit funding to 6.2 billion dollars per year -- the level recommended by the House Committee on Public Works. This would help to expand transit programs; reduce our reliance on cars, fossil fuel, and crowded highways; and ultimately save us money.

On this issue, the statistics speak for themselves. In New York State, public transportation reduces our fuel consumption by 1.33 billion gallons each year. Every additional one percent increase in our ridership would save another 7.5 million gallons! Transit programs are not a drain on our treasury; they are a sound investment in our economic and environmental future.

In addition to increased mass transit funding, federal matching funds for both highway and transit programs should be kept at their current levels, so that we can meet our needs, and not create a monetary incentive to forsake mass transit for highways.

I also recommend that transit operating assistance be continued for cities with populations over one million. The large and comprehensive mass transit systems of cities such as New York, Washington, Chicago, and Boston are truly national treasures -- serving millions of visitors and business people from around the country. In fact, New York City's transit system and commuter railroad serve roughly 33 percent of all mass transit users nationwide. These valuable networks must be supported and nurtured by our federal government.

I realize that these measures would not be inexpensive. But the federal government can find a large part of the money right away by following the suggestion of this subcommittee and placing the entire national gasoline tax and all related taxes, at their current levels, into the Highway Trust Fund -- and releasing the funds for transportation purposes. That way, those who use our roads can help to pay for them, rather than help to close the deficit.

The highway portion of this new plan receives much more generous funding than mass transit. But the administration proposal would have a crushing impact on our environment, and would be inequitable to our nation's cities.

First of all, despite the fact that urban centers hold about 15 percent of all roads eligible for funding under the National Highway System, the federal government has decided, for no apparent reason, that urban roads can comprise no more than six percent of any National Highway System program.

My reasons for opposing this artificial limit are simple --

it is unfair, and quite frankly, it doesn't make sense.

According to the administration's plan, funds under the National Highway System will be distributed according to a highly questionable formula -- 70 percent of which will be based on a state's gas consumption. Under the proposed Urban Rural System, funding will be based entirely on gas consumption.

In effect, these new and regressive formulas reward gas guzzling, while penalizing the energy conservation that the Bush administration claims is such a high priority. This sends absolutely the wrong message to our people and our local governments -- the more gas you use, the less cash you lose. Indeed, one wonders whether Saddam Hussein knew about this pro-gas policy when he invaded the oil fields of Kuwait.

New York State currently has the lowest per capita gas consumption of any state in the country, and in New York City, gas consumption is about one-fifth of the national average. We are extremely proud of our record of efficiency, and it is ridiculous to penalize us for it. The fact is, these new formulas would cost our state 100 million dollars per year. A more equitable formula could be developed by using factors such as population and highway miles.

I am also dismayed that the Bush administration proposes to end the Federal Aid to Urban Systems program -- the only source of direct transportation aid to our nation's cities. This means that, although our transportation needs are in many ways greater than those of the rest of the state, we are not guaranteed any aid whatsoever, and must appeal to state officials for every

penny.

There are a few small bright spots in the administration's highway proposals. I am pleased that, for the very first time, the federal government will help to cover highway operating expenses through the Congestion Relief Program. And I applaud the continuation of the Interstate Trade-In program, which will ensure that New York City not lose the funds earmarked for the abandoned Westway project. But much more needs to be done.

I believe that the federal government should establish a special Metropolitan Transportation program to meet the needs of urban and suburban areas. It's an idea based on common sense -- we hold most of the people -- and suffer most of the congestion. Of course, a significant rural program is necessary as well.

Just as critically, we need a substantial commitment to preserve our nation's interstate system by resurfacing, restoring, rehabilitating, and reconstructing this 129 billion dollar national investment.

It is important for me to address the bridge component of the Bush administration's program. I'm sure the subject of New York City's bridges needs no introduction -- the poor state of our bridges has received widespread media attention in recent months.

The facts are sobering. We estimate that about 56 percent of the 874 bridges we operate are structurally deficient. That's the result of many decades of neglect and insufficient funding, especially at the federal level. This problem extends far beyond New York -- the U.S. Department of Transportation estimates that

*40 percent of all of the nation's bridges are structurally deficient or functionally obsolete.

Despite a few press reports to the contrary, New York City has not fallen down on the job of bridge maintenance. Our Department of Transportation has a world class maintenance and repair team. I am proud to report that the Federal Highway Administration recently visited New York to review our inspection and repair procedures, and gave us very high marks.

Over the next ten years, we are dedicating three billion dollars to bridge reconstruction, including one billion for the East River bridges alone. Unfortunately, we cannot meet this challenge by ourselves. I urge the subcommittee to allow the use of federal funds for bridge maintenance. Ultimately, this is a constructive and far-sighted approach. After all, decades of deferred maintenance allowed our bridges to deteriorate in the first place. An aggressive maintenance program can preserve a bridge almost indefinitely -- at a far lower cost than rebuilding it every thirty to forty years.

Ironically, by allowing federal funds to be used only for reconstruction, Washington offers localities an incentive to let structures decay until they must be reconstructed -- at a much higher cost -- with the help of federal funds. I urge the members of the subcommittee to alter this proposal, in order to allow these funds to be used for critical maintenance efforts.

Finally, allow me to raise two important issues that concern the construction of highways as well as bridges. In New York City, we have found that the federal design standards for

federally funded highway and bridge construction are cumbersome, outdated, and impractical. The fact is, the federal government applies the very same standards to both small, rural towns and densely populated cities -- while the needs of cities are clearly unique. Large cities require greater flexibility to meet our complex design needs, and I hope that the subcommittee will help us to develop a less cumbersome design process.

Federal law also requires that construction contracts worth more than 50,000 dollars be awarded through competitive bidding. I believe that we can save a lot of time and money -- without sacrificing quality -- by using our own public employees for these projects.

In closing, I cannot overemphasize the importance of these programs to New York City, and to localities across our country. After all, transportation is the very foundation of modern society, and one of the most basic responsibilities of government. If our roads and bridges are not safe and secure; if our transit networks do not run smoothly; if our people cannot move freely between their homes and their workplaces, then we will have created a society paralyzed by indifference.

I am grateful for the work of this subcommittee in addressing this problem, which has been neglected for far too long. I look forward to working with you to devise solutions that use our limited resources creatively, and that meet the needs of all Americans.

AMERICA'S COALITION FOR

# TRANSITNOW

TESTIMONY

of

BRUCE M. FRIED

Executive Director

America's Coalition for Transit NOW

before the

SUBCOMMITTEE ON SURFACE TRANSPORTATION

of the

COMMITTEE ON PUBLIC WORKS

U. S. House of Representatives

April 10, 1991

Mr. Chairman, my name is Bruce Fried. I am the Executive Director of America's Coalition for Transit NOW. Transit NOW is comprised of over 140 national businesses, associations, and public interest groups. A list of Transit NOW members is provided for your review. The members of Transit NOW have come together to support a major increase in federal funding for public transportation, which to us includes all forms of shared occupancy vehicles: buses, rail, car pools, van pools, and HOV lanes. In addition to the national coalition, Transit NOW affiliates have been organized in many communities across the country.

I have the honor of introducing to the Committee Carol Bellamy. Ms. Bellamy is a Managing Director with Bear, Stearns & Co., the well known investment banking firm, which is an active member of Transit NOW. Ms. Bellamy will offer her views on the importance that public transportation can play in the economic well-being of our nation.

I am also pleased to introduce Steve Heminger. Mr. Heminger is the Vice President for Transportation of the Bay Area Council, which is made up of several hundred businesses from throughout the San Francisco Bay Area. The Bay Area Council is a Transit NOW member and has recently helped to organize the Bay Area Coalition for Transit NOW.

Following the statements of Ms. Bellamy and Mr. Heminger I would be pleased to answer any questions that the Committee may have.

For the record, Mr. Chairman, I am pleased to advice the committee of Transit NOW's position on the reauthorization of the Surface Transportation Assistance Act (STAA). Transit NOW urges the following considerations in STAA reauthorization:

1. Enactment of a 5-year bill;

2. Provisions which assure a stronger linkage between federal transportation investment and major national goals, including enhanced mobility and greater accessibility for people with disabilities, reduced congestion, increased economic development, productivity and competitiveness, increased energy conservation, improved air quality; and expanded services for transit-dependent people;
3. Major increases in federal investment in transit and other forms of high-occupancy, shared-ride transportation services, including increased capital, operating and research and development funding for urban, small urban and rural services;
4. Continued commitment of both general funds and user fees to support increased federal transit investment;
5. Increased local decision-making in the use of available funds;
6. Provisions which assure better balance in the availability and use of transportation funds, and equal consideration of transit and other transportation improvements to achieve major national goals: for instance,
   - making all matching ratios equal;
   - broadening project eligibility;
   - assuring support for maintenance and reinvestment in existing systems and services; and
   - equalizing tax treatment of employer-provided transit and parking subsidies;
7. Enhanced equity, reliability and stability in the flow of funds through greater reliance on formula distribution mechanisms.

Thank you for your consideration.

AMERICA'S COALITION FOR

# TRANSIT NOW

## Transit NOW Members

As of April 10, 1991

ABB Traction Inc.
A.B.P. Inc.
ACUSON
Aetna Insurance Company
Alliance of American Insurers
Alliance for a Paving Moratorium
Alliance to Save Energy
Amalgamated Transit Union, AFL-CIO
American Chamber of Commerce Executives
American Consulting Engineers Council
American Institute of Architects
American Insurance Association
American Lung Association
American Pedestrian Association
American Planning Association
American Public Health Association
American Public Transit Association
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Association for Public Transportation, Inc.
ACORN-Association of Community Organizations for Reform Now
Atlantic Track and Turnout Co.
AVX Corporation
Bay Area Council
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Catholic Golden Age
Central Hudson Gas & Electric Corporation
Chase Securities, Inc.
Chemical Securities, Inc.
Child Welfare League of America, Inc.
Community Transportation Association of America
Computer & Communication Industry Association
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Conservation Foundation of DuPage County
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Greater Philadelphia Chamber of Commerce
Greater Philadelphia First Corporation
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High Speed Rail Association
Hewlett-Packard
Howard, Needles, Tammen & Bergendoff
Hughes Aircraft Company
ICF Kaiser Engineers, Inc.
Indianapolis Power & Light Company
Industrial Unions Department, AFL-CIO

Institute for Transportation & Development Policy
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The Keith Companies
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**as of April 16, 1991**

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Manufacturers Hanover Securities Corporation
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Marine Midland Banks, Inc.
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Metropolitan Planning Council of Chicago
Morrison Knudsen Corporation
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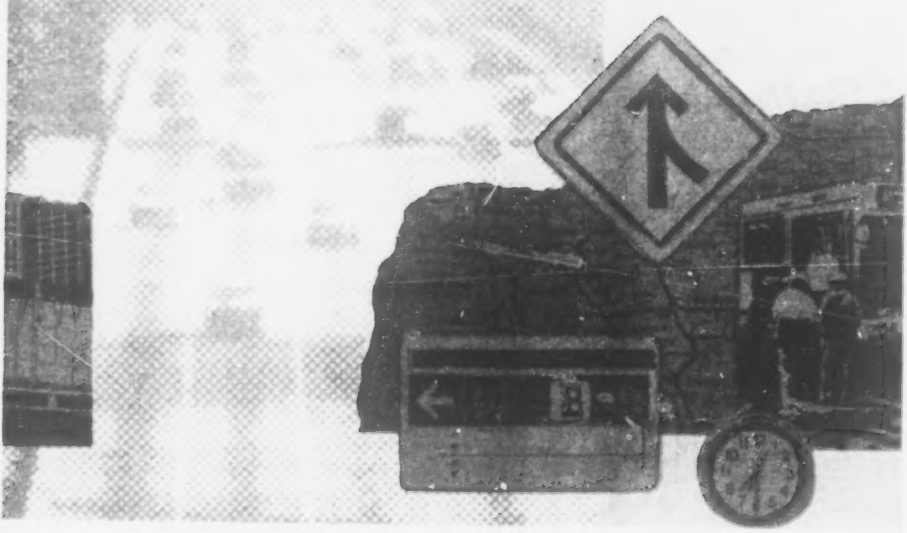
National Association of Area Agencies on . .ging
National Association of Counties
National Association of Families Caring for Elders
National Association of Independent Insurers
National Association of Industrial and Office Parks
National Association of Transit Consumer Organizations
National Association of Meal Programs
National Association of Nutrition and Aging Service Programs
National Association of Railroad Passengers
National Association of Regional Councils
National Consumers League
National Council of Senior Citizens
National Council on the Aging
National Easter Seal Society
National Growth Management Leadership Project
National Industries for the Severly Handicapped
National Interstate Insurance Agency, Inc.
National Jobs with Peace Campaign
National League of Cities
National Multiple Sclerosis Society
National Rural Electric Cooperative Association
National Urban Coalition
National Urban League
National Womens Political Caucus
The Nettleship Group
New Flyer Industries, Ltd.
New York Building Congress
New York Chamber of Commerce and Industry
New York City Partnership
Older Womens League
Paine Webber Incorporated
Parsons Brinckerhoff Quade & Douglas, Inc.
Philadelphia Electric Company
Portland General Corporation
The Promus Companies
Public Financial Management, Inc.
Pryor, McClendon, Counts, & Co., Inc.
Read Communications
Renew America
Rides for Bay Area Commuters
Rocky Mountain Institute
Shearson Lehman Brothers
Sierra Club
Simon & Company, Inc.
Stone & Webster Engineering Corporation
The Stride Rite Corporation
Transportation Communications Union
Transport Workers Union, AFL-CIO
Transportation Manufacturing Corporation
Transportation Trades Department, AFL-CIO
United Auto Workers, AFL-CIO
United Transportation Union, AFL-CIO
United States Conference of Mayors
Universal Coach Parts, Inc.
Urban Engineers
Vapor Corporation
Western Insurance Information Services
Wisconsin Power and Light Company
WR Lazard Laidlaw & Mead, Inc.

SOLVING THE BAY AREA'S
TRANSPORTATION MESS

# Roadmap to the Future

BAY AREA COUNCIL

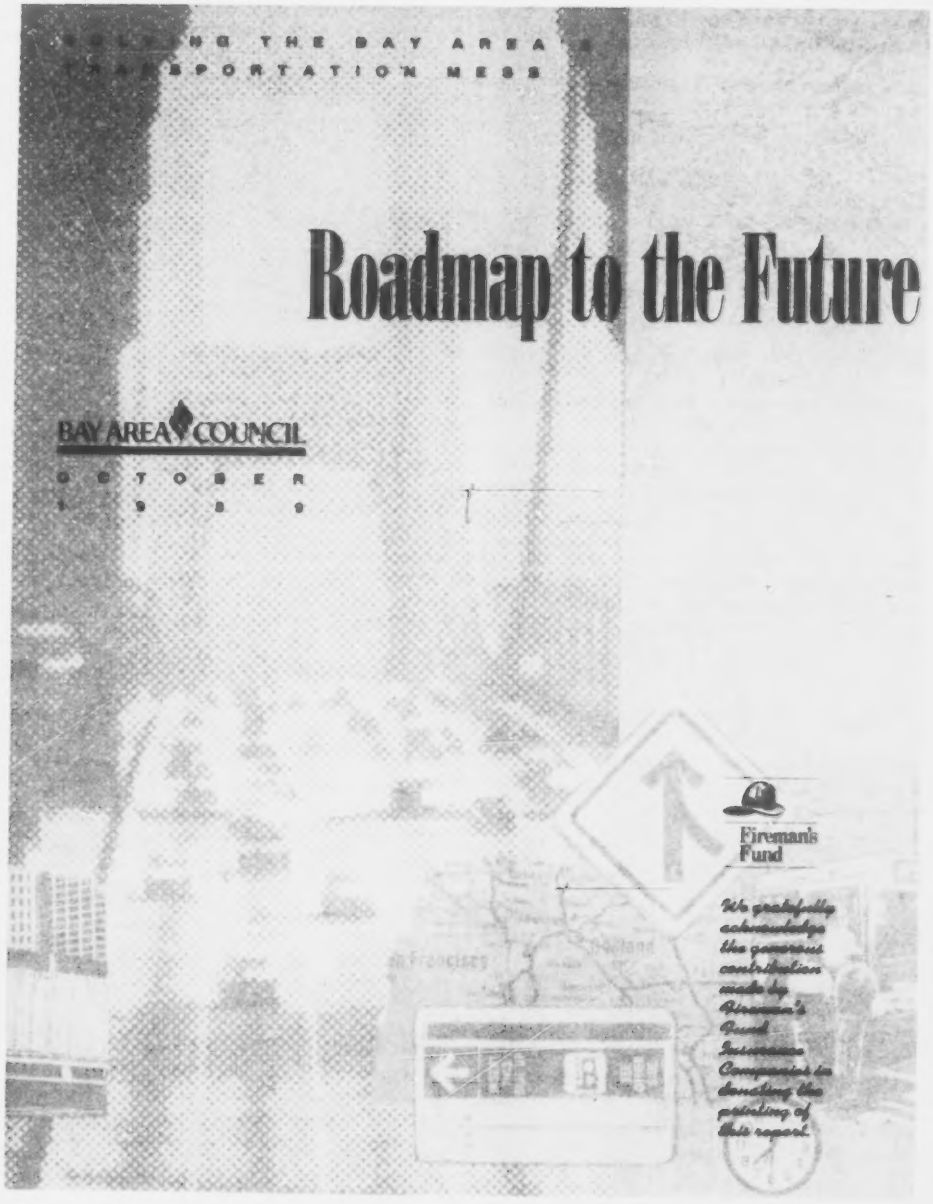


INTRODUCTION

Your day begins and ends in the car. You travel at an average speed of 25 miles an hour on the freeway. So you avoid the freeway and take surface streets and realize everyone else has the same idea. You wait to go and then you stop again. ☐ The minutes tick by and every one of them is lost: one more you owe the babysitter, one less you spend with your husband or wife or child or friends. Time stolen from that slim reserve you try to keep for yourself, away from the schedule, away from the list of things you have to do. ☐ You ask yourself, "Why do I do it? Why do we all do it?" ☐ You think someone must be to blame—a politician, a bureaucrat or maybe some developer somewhere. You know someone is supposed to be working on this. It's their job, their elected responsibility. Somebody somewhere is sliding, you say, or getting away with something. Why else would you be here stuck in this traffic? ☐ The cars inch forward and still you're not getting anywhere. ☐ So you think of the house, the house you couldn't have had any other way. You think of the job that was too good to pass up even if it is a long commute. You think of the choices you've made: owning versus renting, schools versus commuting, one area where you like living versus another where the jobs are booming. Friends, relatives, stores and all the rest. "Maybe soon I'll move," you say, "or get a new job, closer to home." But it's not that easy. Maybe you should move somewhere else, somewhere where the traffic's not as bad. But you would be giving up a lot. You like the Bay Area. You make good money. There is opportunity here. You feel it everywhere you go. This is where the action is. ☐ So you think, all right, it's the price I pay. And then you think, but I'm willing to do something to make it better, and you ask yourself what that might be. "What can I do? What can anyone do?"

*"I saw in their eyes something I was to see over and over in every part of the nation — a burning desire to go, to move, to get under way, anyplace, away from any Here . . . Nearly every American hungers to move."*

John Steinbeck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Roadmap to the Future
BAY AREA COUNCIL
OCTOBER
1989
Fireman's Fund
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## WHERE THERE'S A WILL, THERE'S A WAY

Despite the relative gloom of the recent past the Bay Area's transportation system is not beyond hope. Recent trends, in fact, suggest that many of us realize that if we want a first-rate system of roads and transit we have to be willing to pay for it. And we cannot wait for government officials in Sacramento or Washington to act. ¶ In the last several years, voters in Alameda, Santa Clara, San Mateo and Contra Costa counties have approved sales tax increases to finance transportation improvements. In 1988, Bay Area voters overwhelmingly approved higher tolls on the region's bridges to pay for bridge improvements and transit projects. Together, these measures will raise more than $4 billion for transportation over the next 20 years. ¶ New funding, however, is only part of the solution to the Bay Area's traffic woes. Most of us would never stand for the increase in taxes it would take to create enough freeways to meet the demand. Nor is it apparent that most of us would want to solve the problem this way. ¶ What we need is a balanced approach to solutions, one that mixes new funding for additional capacity with changes in habits and lifestyles. Traffic, after all, reflects choices we make about where to build housing and where to put jobs, who to let in to our communities and who to keep out, and how we live as individuals versus how we live as a community. ¶ The fact is, transportation in the Bay Area today and in the future is and will be profoundly shaped by the individual decisions of dozens of local governments, thousands of employers, and millions of commuters. Our problems are solvable, but the solutions rest with each of us: as individuals and families, as employees and employers, and as citizens and voters.

*"We stand at a crossroads. One path leads to despair, the other to destruction. Let's hope we choose wisely."*

Woody Allen

## A SUMMARY: WHO CAN DO WHAT

*Resolving the crisis in transportation in the Bay Area isn't a question of getting those other guys to ride transit so we can drive, or getting housing built in someone else's neighborhood so that ours will stay just the way it's always been. Instead, we need to approach the future with the understanding that we cannot stop change. We will be doing well if we can manage it. And managing it will take the resources and best efforts of all of us.*

### What Commuters Can Do:

- Leave your car home at least one day a week and on that day take transit or rideshare. On most freeways in the Bay Area, if one out of five cars were left in the garage or a park & ride lot, congestion would be eliminated.

### What Voters Can Do:

- Support peak-hour pricing on the region's bridges so that those who drive alone at rush hour pay a premium.
- Call on Congress and the President to expand the range of acceptable uses for federal gas tax money.
- Ask the California Department of Transportation (CalTrans) or your local government to locate a park & ride lot in your neighborhood.
- Call CalTrans and tell them you'd like to see more commuter or high occupancy vehicle lanes on the region's highways.
- Contact your state and federal representatives and say you'd like to see bigger tax breaks for carpoolers and employers who invest in ridesharing.
- Support funding increases to expand public transit services. Let transit operators know what kind of service you want and where.
- Support proposals which would provide for local revenue sharing between cities that have high concentrations of jobs and those that have a surplus of housing.
- Support new transportation funding measures that encourage communities to plan together.
- Support the development of new housing close to transit services.
- Support new funding for transportation, specifically, local sales tax measures and the campaign to raise the Gann spending limits (and enable a 9-cent gas tax increase) on the June 1990 statewide ballot.

### What Employers Can Do:

- Implement a ridesharing program either on your own or with neighboring employers.
- Establish flexible work schedules, particularly if you're located in a suburban area where rush hour has a definite and narrow peak.
- Reconsider free parking privileges and provide ridesharing and transit benefits to employees.
- Work with transit operators to locate stops and service where it's convenient for your employees.
- Sell transit passes on site. Call the Regional Transit Connection for information.

- Contact the Metropolitan Transportation Commission (MTC) and request a copy of *Commute Alternatives: A Manual for Transportation Coordinators*.
- Encourage the development of childcare programs, banking, postal and shopping centers close to the job.
- Provide matching funds to help finance local transportation improvements.
- Support new funding for transportation, specifically, local sales tax measures and the campaign to raise the Gann spending limits (and enable a 9-cent gas tax increase) on the June 1990 statewide ballot.

**What Transit Operators Can Do:**

- Improve fare, transfer and schedule coordination to make it easier for riders to get from one subregion to another.
- Consider cost-cutting measures such as more use of part-time drivers to meet rush hour demand, and competitive bidding for more services.
- Work with employers to improve the effectiveness of transit services in and around employment centers.
- Offer commuters more incentives to try transit, and follow through with good service.

**What Local Government Can Do:**

- Establish a commute alternatives program for local employees including government employees.
- Work with other local governments to coordinate land-use planning and balance the number of jobs and homes in a given subregion.
- Support mixed-use development.
- Allow new housing development at higher densities, especially near transit services.
- Require new commercial and employment centers to implement traffic management systems.

**What State Government Can Do:**

- Provide financial incentives for planning that balance the location of jobs and housing.
- Increase tax benefits to employers and commuters who rideshare.
- Support changes in the Gann Spending Limit to allow for higher revenues and spending for transportation.
- Put in more commuter or HOV lanes on the regions highways.
- Expand the number of park & ride lots.
- Move toward automatic toll collection on the regions bridges.
- Support the development of privately operated transportation systems.
- Provide matching capital funds for transit extensions.

**What the Federal Government Can Do:**

- Expand the range of uses for federal gas tax money.
- Increase the tax benefits to employers and commuters who rideshare.
- Provide matching capital funds for transit extensions.

## HOW DID WE GET INTO THIS MESS?

*A hundred years ago, virtually everyone who lived in the Bay Area lived in San Francisco. Then real estate developers discovered that if they built trolleys and linked them with ferries, people would buy land and homes in Berkeley and Oakland. By the 1920s, nearly 200,000 passengers a day went through the ferry terminal in San Francisco. But by then Henry Ford was already selling automobiles, and we began to abandon public transit for the freedom of the open road.* ¶ *It was the car that really changed the map of the Bay Area. Its popularity in the 1920s sparked the movement to build the first highways and bridges all around the bay, culminating with the construction of the Golden Gate and Bay Bridges. It allowed us to take our search for the American Dream three-bedroom home with a yard and a patio farther and farther from Oakland and San Francisco to places where land was cheap and houses affordable. The car and its cousin the truck also allowed businesses and factories to leave the city after World War II and relocate on cheap land all around the perimeter of the bay.*

*"I am going to democratize the automobile. When I'm through everybody will be able to afford one, and about everyone will have one."*

Henry Ford

### When the Present System Was Created

By the late 1940s, with the number of new cars on the road in the Bay Area expanding by 9% per year—more than three times the rate of the population—the flow of families to the suburbs in the East Bay, on the Peninsula, and in Marin became a flood. With it came major traffic jams, especially on the region's bridges and highways, as most workers continued to come back to San Francisco or Oakland to work. The region pondered solutions that ranged from building bridges and dikes across the bay for automobiles to tunnels and skyways for futuristic monorails.

One part of the solution in the 1950s and early 1960s was to embrace the construction of a network of freeways as part of the state and federal Interstate construction program. Bay Area residents also strongly supported the expansion of the region's highways, and state government invested heavily in the construction or reconstruction of the region's bridges—new lanes replaced trolley tracks on the Bay Bridge, a new bridge was built from Richmond to San Rafael, and the Dumbarton and San Mateo bridges were completely rebuilt—creating ever more capacity for the car. Residents in San Francisco, Alameda, and Contra Costa counties also decided to build BART.

### Our Investments Helped Create Our Prosperity

Partly as a result of these investments in transportation, our economy grew dramatically in the 1960s, 70s and 80s, outpacing the growth of the population, providing more and more people with jobs, and improving the standard of living for most of the region's residents. But ironically, at the very moment that this system was helping to make the region rich, the government and the voters stopped investing in it.

In the 1970s road construction slowed dramatically for three major reasons. First, rapid inflation raised the cost of construction considerably. Secondly, through the so-called "freeway revolt" and the growth of the environmental movement, voters concerned about air and noise pollution and the destruction of neighborhoods called a halt to continued expansion of the system and promoted the development of transit instead. And finally, following hard on the heels of the "freeway revolt," came the "tax revolt," which effectively reduced expenditures on transportation at all levels of government.

In one respect the Bay Area was lucky. For an economy to grow it needs more workers. During the 1970s and 80s, a dramatic increase in the percentage of working women provided the extra labor force needed for economic growth. Since 1970, the percentage of Bay Area women employed outside the home has risen from 44% to more than 60%. Since most of these women have come from existing households, their entry into the labor force has allowed the economy to grow without

the kind of population boom that might otherwise have been necessary. As a consequence, the demand for new transportation capacity and housing hasn't grown nearly as much as it might have.

### Social Changes Have Led to New Transportation Patterns

The creation of two-earner households has tended to lead to more and longer commutes as families and households compromise on the location of their home (usually somewhere between both jobs). With both parents working, the need for additional daily trips to daycare has increased. Moreover, more people need to shop and do errands in the peak hours just before the start and after the end of the work day.

Responding to these social changes and taking advantage of new computer and communications technologies, many employers have moved data processing and other so-called "back office" jobs from the central cities to the suburbs, following the path laid down by factories and manufacturers a generation ago.

In the wake of corporate relocations and increased job growth in the suburbs, commute patterns in the Bay Area have changed dramatically. Less than 20% of the region's commuters now travel to downtown San Francisco, Oakland or San Jose to work. Eighty percent of those who go from suburb to suburb do so by driving alone. As a result, traffic on almost all the region's roads has increased dramatically in just the last five years.

The number of miles now logged on Bay Area roads and highways is increasing faster than population, employment, and even the number of vehicles (see figure). We are simply driving more. And by driving more miles each day, even if the region's population doesn't grow at all, the effect is the same as adding more cars to the road. We increase the level of congestion.

### Public Transit Hasn't Sold

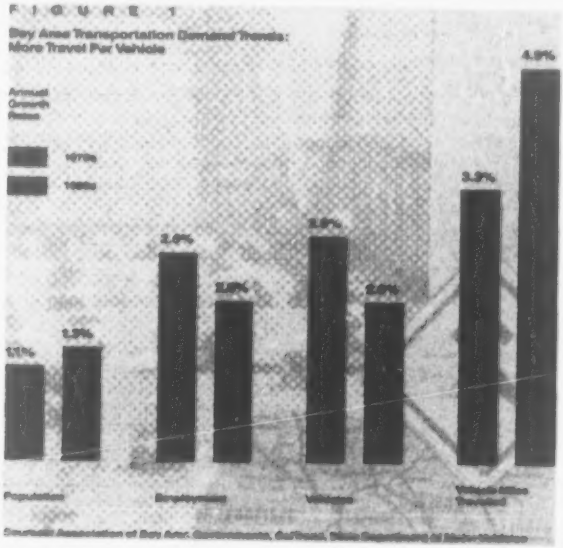
With the highway system clearly at or near capacity, we who live in the Bay Area must make some hard choices about the future. Seventeen years ago, just as BART was being constructed, Bay Area voters expressed a great deal of optimism about mass transit. They turned down a proposal to build a new bridge or "southern crossing" across San Francisco Bay in order to wait and see how BART and other public transit systems would fill the need before building more freeways or bridges.

What we have discovered in the last 17 years is that selling public transit to most of us is difficult, especially given our pattern of increasingly suburban commutes. In the last four years, the number of people taking transit has dropped by almost 8%, despite a 9% increase in the number of employed residents going to work each day.

As workers move farther and farther from the center of the region in their continuing search for affordable homes, they find fewer and fewer transportation options just as we stopped investing in new highway capacity in the 1970s, we also curtailed our investments in transit infrastructure. The original BART system, for example, has not been expanded since its completion in 1974. Even in those communities where relatively new transit systems have been developed (Santa Clara, Contra Costa, and San Mateo, for example), low-density development of suburban homes and spacious office parks has made it difficult for transit operators to offer service which comes close to competing with the car for time and convenience.

FIGURE 1

**Bay Area Transportation Demand Trends: More Travel Per Vehicle**




Sources: Association of Bay Area Governments, Caltrans, State Department of Motor Vehicles

# RAISING NEW MONEY TO PAY FOR TRANSPOR

*Money is not the only solution to the Bay Area's traffic woes, but without it we can't begin to address the region's problems. In the 1950s and 60s, California was committed to having the best transportation system in the world. We were the number one state in the country in per capita spending for transportation. Today, we're at the bottom. What we spend for the maintenance and repair of our roads has not come close to keeping pace with the need. It's as if we bought a brand new car, then never changed the oil or the spark plugs and expected the thing to run like new for 200,000 miles. Today, the governor's office estimates that the state will need at least another $20 to $30 billion over the next 10 years, of which the Bay Area's share is at least $5 billion, just to maintain current conditions on state roads. To improve them, we'll need to raise more.*

*"There's a simple solution to this traffic problem. We'll have business build the roads, and government build the cars."*

**Will Rogers**

### How Did We Pay For Highways In the Past?

Historically, the most important sources of funding for highways have been state and federal taxes on gasoline and tolls on local bridges. Our philosophy has been: those who use the roads should pay for them.

Today, gasoline taxes and tolls still provide most of what funding there is for roads, but thanks to inflation and the increased fuel efficiency of cars, the buying power of these taxes has dropped dramatically. Twenty-five years ago, for example, we paid 7 cents tax on every gallon of gas; today we pay 9 cents. But 7 cents in 1964 dollars produced the buying power of 28 cents today. Furthermore, most people can drive at least twice as far on a gallon of gas today as they could in 1964. This increased fuel efficiency is great for energy conservation but terrible for transportation revenues.

With shrinking resources, we have been unable not only to expand the transportation system to keep up with the growing use of cars, but also to adequately maintain the system. Potholes and cracked highways evidence the fact that many of the region's major road surfaces are nearing the end of their anticipated useful life and money is simply not available to reconstruct them.

### What About Public Transit?

Since most of the Bay Area's transit operations get less than half their annual revenue from fares, they depend on subsidies from local, state and federal sources to meet the difference between what riders pay and the total cost of operations. In the 1970s, the federal government, and later the state as well, provided significant subsidies to transit operators to keep fares low and attract riders. But in the 1980s, federal and state subsidies have been cut back. At the same time, inflation and operating costs, which soared in the late 70s and 80s, have given transit operators severe budget whiplash. Unable to pay for current operating costs, much less expand their services, transit operators have reduced service and/or increased fares substantially. As a result, ridership has dropped—putting more people in cars back on the road.

## WHAT WE NEED TO DO

### Raise the Gas Tax

California's gas tax is currently one of the lowest in the country. An increase in the gas tax has been debated for many years. After protracted negotiations, the legislature and the governor have finally agreed on a plan which would raise the gas tax by 9 cents over the next five years. But the tax hike cannot be put into effect unless voters approve a June, 1990 ballot measure to change the Gann spending limit so the new revenues can be spent.

Even if approved, the higher gas tax will leave California with less buying power than we had in 1964. Though a 9-cent increase may sound like a lot to commuters and voters, it represents the bare minimum needed just to keep up with highway maintenance and carry out some improvement plans that have long languished unfunded. It won't even begin to cover any newly planned projects needed to improve our transportation system, but at least it will put us well ahead of where we are now.

Concerned citizens and business leaders should now support the campaign in favor of next June's ballot measure to raise Gann spending limits and enable the gas tax increase so hard-won in the legislature.

### Raise Sales Taxes in the Rest of the Bay Area

All the Bay Area's nine counties have a tremendous need for transportation improvements. Voters in Alameda, Contra Costa, San Mateo and Santa Clara counties have already approved sales tax increases which will help fund major new transportation projects. San Francisco, Marin, Sonoma and Solano counties are considering similar measures. Interested citizens should contact their county board of supervisors and city council.

### Redirect Interstate Money For Broader Use

Since the 1950s, the bulk of federal gas tax money has gone to the development of the Interstate highway system. But while these funds have supported the construction of super highways, funds for expressways, new public transit facilities and other local transportation alternatives have been in short supply. With the last mile of Interstate highway scheduled for construction in 1991, Bay Area residents need to join with other urban communities around the country and convince Congress and the President that the range of acceptable uses for federal gas tax money should be expanded.

## A FEW MORE GOOD IDEAS

### More Private Sector Funding

Increasingly in the public mind, traffic jams are linked with commercial and residential development, despite the fact that it is not necessarily growth, but poor planning, that tends to create these problems. In our effort to solve the traffic problem, voters have increasingly turned to "ballot box planning," enacting no-growth or slow-growth measures which threaten to impede business development and curtail economic opportunity. The long-term solution for business is not in simply fighting these measures, but in playing a greater and more visible role in helping to manage and enhance the existing transportation system. For example, a number of major Bay Area corporations with offices in north Pleasanton recently helped fund the construction of new overpasses, extra roads and computer-operated traffic controls which will provide better access for workers and residents.

### Peak-Hour Pricing

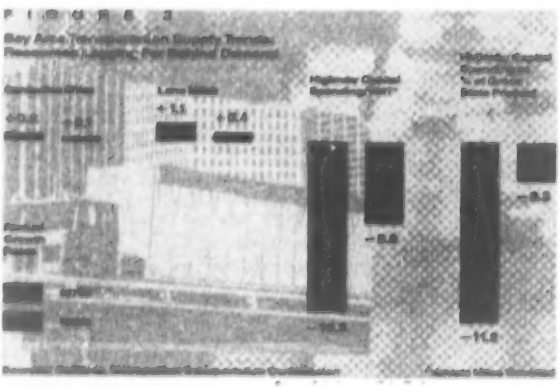
The cost of constructing a transportation system is directly related to the cost of providing maximum service at rush hour. Thus, it would be fair to suggest that those who use the system during rush hour should bear the heaviest portion of the overall cost. We need, therefore, to begin considering a long-term approach to managing traffic that charges for the privilege of using the road at peak hours.

Specifically, bridge tolls could be significantly higher during rush hour. Moreover, within the not-too-distant future, we may need to explore a system that charges people according to how far they drive on the region's roads and what time of day they do it. One local economist, for example, has proposed a system that would use computers and electronic sensors to record which cars travel over a roadway at a given time and provide car owners with a monthly bill similar to a phone bill. Charges would be based on the distance travelled and the time of day.

## C O N C L U S I O N

In the Bay Area, drivers and passengers on the 12 most congested stretches of freeway in the region waste more than 46,000 hours a day in lost productivity; this amounts to over $1 million in wages or 23 person/years of work each day. In a single year we waste enough time and productivity to pay for more than 30 miles of new freeway lanes or 200 new BART cars. If we keep deferring maintenance on the current system, this waste will only increase. In the Bay Area today, it's no longer a question of being unable to afford to invest in the future of our transportation system. We can no longer afford not to.

F I G U R E 2



*No matter how much money we raise for transportation, the fact is, more of us need to leave the driving to someone else more often. What most of us don't understand is that relatively small increases or decreases in the number of cars on an already crowded road make for enormous differences in congestion and delay. A five-mile stretch of highway that takes five minutes to drive at midnight, for example, may take twice as long at rush hour if the lane is crowded but still moving fairly freely. But increase the number of cars by just 5% and the delay jumps enormously, traffic comes to a standstill, and it may take 30 minutes to get through that same stretch of road. Fortunately the process also works in reverse. Get 5% of the cars off the road and traffic is moving again. The problem, of course, is breaking old habits. As Mark Twain said, you need to do some coaxing.*

*"Habit is habit, and not to be flung out of the window by any man, but coaxed downstairs a step at a time."*

**Mark Twain**

## WHAT WE NEED TO DO

### Expand the Use of Flextime

Perhaps the easiest way to beat the rush is for some people to go to work later or earlier than everybody else. During the 1984 Olympics, companies and government agencies in Los Angeles staggered their starting times to reduce traffic at peak hours. The result was a reduction in congestion despite an increase in the number of vehicles on the road.

In the Bay Area, similar efforts have been made in Pleasanton where a transportation systems management ordinance was adopted requiring large employers to reduce the number of employees driving alone to work at peak hours to no more than 55%. Employers have been able to meet this goal primarily by shifting starting times. Pleasanton estimates that this effort by employers keeps approximately 9,000 cars off the road at rush hour.

In some employment centers in the Bay Area staggered work hours would improve local traffic flows substantially.

Employers interested in finding out about using flextime to reduce traffic should call the Metropolitan Transportation Commission (MTC) at (415) 464-7793.

### Expand Ridesharing

As congestion on the Bay Areas highways gets worse and the number of carpool or high-occupancy vehicle (HOV) lanes expands, ridesharing is becoming more and more attractive to Bay Area commuters and their employers. An increasing number of residents are discovering that ridesharing not only saves them money, it puts time back in their lives: time to read the paper, sleep, or even work. RIDES for Bay Area Commuters, a regionwide organization that matches workers looking to share rides, places nearly 10,000 commuters in carpools and vanpools in an average year. That means 10,000 fewer cars on the road most days.

In some particular corridors, the percentage of carpoolers is astonishing. While only 12% of the non-transit commuters coming through the Caldecott Tunnel between 7 and 8 a.m. share the ride, 99% of those crossing the Bay Bridge and 46% on Highway 237 in Santa Clara County are travelling in carpools. On each of these routes, HOV lanes provide a major incentive. The effect on the Bay Bridge is equivalent to building 4 5 new lanes—or almost another bridge. If commuters through the Caldecott Tunnel carpooled at the same rate, it would be the same as adding a new tunnel and opening two more lanes for twenty minutes out of each hour. The flow of traffic would improve from stop and go to a relatively smooth 45 miles per hour.

Employers are also discovering significant payoffs in developing ridesharing programs. Varian Associates, for example, wanted to build a 90,000 square-foot building without putting in acres of parking. They established an aggressive commute alternatives program and more than doubled the number of employees using ridesharing to 37%. This eliminated the need to provide more parking, saving the company nearly a million dollars in construction costs. Employers also can get tax deductions for their contributions to commute alternatives.

Those interested in a carpooling program should call RIDES at (415) 861-7665.

### Add More High-Occupancy Vehicle (HOV) Lanes

Carpooling can be attractive because it saves gas money and driving hassle. But what clinches the attractiveness of sharing the ride is a faster trip to work. In critical places where traffic often comes to a standstill, HOV lanes provide a powerful incentive to share rides.

New commuter lanes on the San Tomas Expressway in Santa Clara helped increase ridesharing 50% on this road since 1982 and cut commute times on the expressway for those in carpools by half. Likewise, commuters on the Bay Bridge who use the carpool HOV lane reduce their commute time to San Francisco by an average of 20 minutes and keep more than 6,000 cars a day out of rush hour bridge traffic.

But more needs to be done. In some places HOV lanes can be added by restriping or expanding the roadway. Policy makers need to know that they have the support of business and the public to give HOV lanes a high priority.

If you're interested in finding out more about HOV lanes or expressing your support, call the California Department of Transportation (CalTrans) at (415) 923-4444.

### Remove the Free Parking Incentive

One of the greatest incentives to driving alone is free parking. Looked at one way, it constitutes an employee benefit to some without compensating those who take transit or carpool. One solution: companies could offer a transportation allowance to all employees and then begin charging for parking at a cost roughly equal to the allowance. Carpools park free. This way, those who share rides or take transit have an economic incentive to do so. Alternatively, some institutions like United Airlines or Stanford University with large parking lots give preferential "close-in" space to carpools and vanpools.

Businesses and institutions interested in finding out more about innovative parking policies should call MTC at 464-7751.

## A FEW MORE GOOD IDEAS

### More Park & Ride Lots

In suburban areas, "park & ride" lots near freeway entrances provide an easy point for carpoolers to meet, minimizing the time spent picking up other members of the carpool. The problem is, many park & ride lots in the Bay Area are already full. CalTrans is currently working to expand the network of lots within the Bay Area, but more needs to be done. Call RIDES at 861-7665 for information on park & ride lots and locations.

### Tax Breaks for Those Who Carpool

Changes in state, local and federal tax policies could create incentives for commuters and employers to beat the drive alone commute. The federal government currently allows employers to offer employees a tax-free subsidy up to $15 per month to pay for transit passes. This amount should be raised significantly. Moreover, Congress and the state legislature should boost tax credits to employers who invest in vanpool vehicles and other commute alternative programs. For information on tax credits for ridesharing call RIDES at 861-7665. Citizens interested in advocating an increase in tax credits should write or call their state and federal representatives (see back panel for directory).

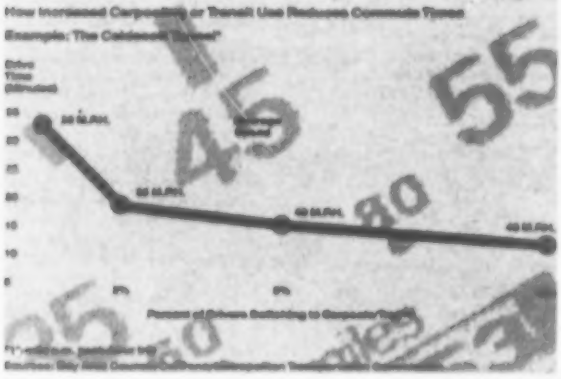
## CONCLUSION

If old habits are to be broken, new alternatives must be convenient and relatively easy. Bay Area employers can exert leverage with the commuter by restructuring the options to driving alone to make them more attractive: controlling what time work starts and stops; providing incentives for people with a common destination to share the ride. Government agencies, which are among the largest Bay Area employers, should lead the way with their own employees. But all of us need to work together to make the options to driving alone both viable and convenient.

FIGURE 3

**How Increased Carpooling or Transit Use Reduces Commute Times**

**Example: The Caldecott Tunnel***




*"Worst-case" application to the Southbound Bay Area Caldecott/Broadway Tunnel, Oakland-Contra Costa

*Public transit took a beating in the 1980s. Rising costs, declining subsidies, and poor financial management led to fare increases, service cuts and bad press. Ridership and public support both dropped as a result. But recently there is some evidence that the transit picture is improving. Fed up with crowded freeways, a small but growing number of commuters appear to be giving transit a second chance, and transit operators are trying to meet them half way.*

*"Now, here, you see, it takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that."*

Lewis Carroll

## What's Happened to Public Transit?

When most of us choose how we're going to get to work we weigh three important considerations: what will it cost, how long will it take, and hassle for hassle, how convenient and comfortable will it be? In some situations public transit clearly stacks up better than in others. Of the 270,000 commuters headed for downtown San Francisco each morning, for example, over half take some form of public transit — the highest rate of transit usage anywhere in California. The cost of parking, the toll and backup on the bridges, and the generally high level of transit service to San Francisco provide powerful incentives for people to leave their cars behind.

But as a smaller and smaller percentage of the Bay Area's commuters travel from the suburbs to San Francisco and Oakland each day, the crux of the region's problem focuses more on workers who commute from suburb to suburb. Transit operators need to adjust to a changing marketplace even as they recover from funding cuts. For the suburban commuter, traffic may be bad, but parking at the job site is usually free, stores and shopping are farther away, and transit is much less likely to serve both home and destination.

As congestion has swelled on the region's roads, there is some evidence that transit riders are abandoning long-haul bus rides in favor of rail or ferry services that avoid crowded highways. Ridership on BART, Caltrain, and Golden Gate Ferry, for example, has recently recovered and started to climb, while the number of people taking the major suburb-to-central city buses (AC Transit, Golden Gate Transit and Sam Trans) has continued to decline. These trends indicate that the bus services, particularly, need to reevaluate the kind of service they provide.

## WHAT WE NEED TO DO

The challenge to transit now is two-fold. On one hand, rail lines and ferry services need to be able to keep up with increasing demand by expanding their capacity, controlling costs, adding parking at their stations, and continuing to improve their service. Fortunately the recent East Bay-West Bay agreement on expansion of the regional rail system which includes BART, Caltrain and the Santa Clara County Light Rail System, coupled with the passage of sales tax increases in Contra Costa, San Mateo, and Alameda counties makes it likely that rail extensions will actually be under construction in the 1990s. In the meantime, BART expects to add new cars and convert to a new computer system which will allow it to run longer trains closer together. By the end of 1993, BART hopes to carry an additional 10,000 commuters each day in and out of downtown San Francisco.

In contrast to the fixed rail services, the major bus agencies need to fundamentally re-orient themselves to serve a changing marketplace. AC and Golden Gate Transit have already begun this process. AC Transit is changing its routes and schedules to emphasize connections with BART and reduce its own transbay service across the Bay Bridge. Similarly, with funding from increased tolls on the Golden Gate Bridge, Golden Gate Transit hopes to make bus riding from Sonoma to Marin as easy as from Marin to San Francisco.

### Improve Cost Effectiveness

In the last decade, costs per paying passenger on most of the region's major bus and ferry services have risen much faster

than the rate of inflation. To hold down fares, local governments and transit agencies need to look at strategies that improve cost effectiveness, including hiring more part-time drivers during peak hours (an issue that will need to be negotiated with the transit labor unions); using smaller vehicles for less heavily travelled routes; and contracting some services to the private sector. In some suburban areas where local governments are providing heavy subsidies for transit, private operators should be encouraged to develop taxi/van systems, which have been shown to be more cost effective than bus systems.

### More Schedule and Fare Coordination

The Bay Area has an incredibly complex system of 24 different transit agencies ranging in size from one to 1,000 buses. As the region's transit operators tailor their service to meet the needs of their riders, transit operators must work much more closely together to create fare/transfer systems that will allow riders to make easy connections. Already the MTC has requested transit operators to look for ways to integrate schedules and fares, but MTC needs to insist on real progress. Transit operators should move towards the creation of more regional transit passes, such as the Peninsula commute pass which allows riders to use Caltrain, SF Muni, SamTrans and Santa Clara County Transit all with the same ticket. From the rider's point of view, it shouldn't matter how many boundaries he or she has to cross—only that transfers can be made smoothly and quickly.

### What Can Business Do?

As transit operators strive to meet the needs of a changing marketplace, they need to work closely with employers to maximize service to employment centers and to encourage employees to use transit. It's more convenient if we can buy a transit pass right at work, and we're even more likely to use it if our employer offers a subsidy. For the employer, the benefits of subsidizing employee transit use can be substantial: less congestion in and around the physical plant; less land needed to be set aside for parking; better community and employee relations; and less "stressed," more productive employees. Employers can get help establishing transit pass sales programs by calling the Regional Transit Connection at (415) 323-8338.

Employers and developers should also work with local transit officials on schedules and the location of stops. They must help create responsive options for workers who would otherwise take transit but fear a childcare emergency or some other personal matter might require the use of a car. Likewise, employers can create lunchtime transit options to get employees from suburban worksites to commercial centers. Employers in the Stanford Business Park, for example, recently joined with Caltrain and Santa Clara County Transit to create a noontime shuttle to downtown Palo Alto, thereby removing one excuse employees might have for driving to work alone.

## CONCLUSION

Despite the troubles experienced by transit in the 1980s, the Bay Area has one of the highest percentages of workers who commute by transit in the country—but it's still only 11%. As commute patterns change, transit operators and their employees must be able to adapt to the changing needs of the region's commuters. They must show a genuine willingness to serve and a desire to sell their service.

## PLANNING TO REDUCE DRIVING

*Will Rogers may have been 50 years ahead of us in realizing that no matter how many roads we build or freeway lanes we add, cars will come to fill them up unless we do a better job of planning. If we want to cut down on auto traffic, then we need to put housing, jobs, shopping and daycare together. Where we spend money to develop good, high-volume transit options—like BART—we need to make sure they can be filled.*

*"In 1914, the Ford Company passed its first 1,000-cars-a-day production. So Americans woke up and said: 'We got to have somewhere to put these things'; and somebody thought of the idea of building roads to store them on. And as fast as they would make roads, these things would clutter them up. I don't care where you try to hide a road, one of those road fillers will find it."*

**Will Rogers**

### How Zoning Affects Traffic

Through their zoning laws, cities decide what part of their communities will be used for homes, stores, factories, and other uses. They also determine how much of each kind of use they will allow. The traditional approach in planning, over the last sixty years, has been to separate homes from shopping and factories and offices. This kept dirty and noisy factories as well as downtown traffic away from quiet residential streets. And until recently getting from one area of town to another was no problem because the building of roads and highways generally kept ahead of the growth of the community. Furthermore, offices were generally concentrated in a few large downtown centers which were well served by regional highways and public transit.

Today, heavy industry in the Bay Area has been replaced by cleaner, more high-technology manufacturing. More than half of all new office space in the Bay Area is being built in suburban office parks, many of them laid out with large parking lots, miles from shopping and housing. Despite these changing realities, however, most local zoning still separates housing from jobs. The effect of this separation is to force people not only to drive but to do so in crazy patterns.

### WHAT WE NEED TO DO

### Bring Housing and Jobs Together

What we need to do in the Bay Area is improve the balance of jobs and affordable housing in each community and in each subregion. In part, traffic in the Bay Area has gotten worse because we have pushed new housing development to the periphery of the region, mostly in the north and east, while jobs are being added in the center, south and west. High land prices, caused in part by restrictive zoning that requires large lots, are a major factor in this problem, making it difficult for new homebuyers to find affordable housing anywhere within the traditional urbanized area. Frequently, zoning restrictions result from neighborhood opposition to increased densities. Each community tends to make decisions based on its own parochial interests without considering the well-being of the region as a whole.

### Create Incentives for Coordinated Planning

To overcome local resistance and achieve a broader vision, communities need to begin planning together more. But accomplishing this kind of planning will not be an easy task. Traditionally, Bay Area communities have jealously guarded their control over local land-use decisions. Many local officials and voters are reluctant to let someone outside their community share in the decision over how their community will develop. But the fact is, local control in the Bay Area today is illusory. The quality of life in each Bay Area community is increasingly dependent on decisions made in nearby cities, so that even if one community tries to stop development, traffic in their neighborhoods may still continue to increase because growth is taking place in the city next door.

To encourage cities to plan together, strong incentives need to be created which will provide communities real rewards for taking higher concentrations of housing to balance the number of jobs. Legislation should be enacted that will share the local tax revenues from commercial development with neighboring communities who supply the necessary housing.

Contra Costa County's Measure C provides an example of how incentives can be tied to new funding. Under its terms, revenues raised through an increase in the local sales tax are available to cities for transportation improvements, but only on the condition that these improvements are designed in cooperation with neighboring communities and that the city is regionally responsible in its management of growth.

## A FEW MORE GOOD IDEAS

### Increase Housing Densities Near Transit and Employment

One of the top priorities for coordinated planning should be to increase the density of development around transit stations and along major routes to make transportation services more efficient and convenient to a larger number of workers. As BART is extended to the San Francisco Airport, Pittsburg, Dublin, South Fremont and beyond, every effort should be made to see that land around the stations is reserved for high-density housing and commercial uses so that a large number of local residents and workers can walk to rapid transit. We also need to look at solutions that allow us to build more affordable housing in areas that are already developed. One solution is to rezone land set aside for commercial uses—which is overabundant in the Bay Area—and allow for more housing.

### Site Childcare and Shopping Near Employment Centers

In addition to coordinating the location of housing and employment opportunities, local governments and employers need to work together to encourage the development of childcare options near job centers. After-school programs for elementary school children also will help reduce the need for working parents to have a car available at work. Stores, banks and post office facilities should be located within office parks to minimize the need to drive around on errands during the day.

### Overcoming the "Not-In-My-Backyard" (NIMBY) Syndrome

One of the biggest impediments to improving land-use planning is the attitude that says "Fine, build more housing, but don't put apartments or a daycare center or an office building near my neighborhood. Put it in the other guy's." Frequently this attitude is oblivious to the merits of a well-designed project which can allow for more housing and enhance the neighborhood at the same time. If we want to maintain the quality of life in the Bay Area, it means making compromises and being open to change which may actually make life better.

## CONCLUSION

Traffic is a result of poor planning, but it's not necessarily the fault of the bureaucrats or developers. More often, it results from lack of coordination and an unwillingness on the part of individuals, neighborhoods and cities to be part of a regional solution. The result is a deterioration in everyone's quality of life. To improve traffic in the future, coordinated planning must take place on a regional and subregional level.

FIGURE 5

How Projected Growth Patterns Will Increase Commuting (1985–2000)

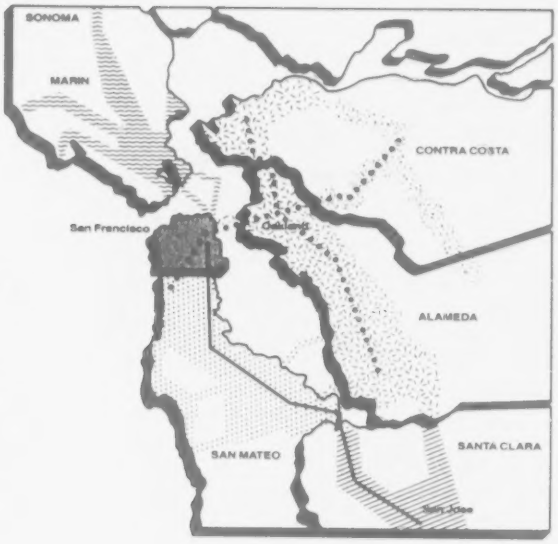
Source: Association of Bay Area Governments

## MAKING DECISIONS FOR THE FUTURE

There are no easy cures for the Bay Area's transportation woes. Every solution, every plan, no matter how good, encroaches on someone's way of life. Every public body that has to make a decision has to weigh the interests of those most immediately affected with the needs of a larger, usually unrepresented population which may or may not live or work in their community or even be born yet. And when they bear the interests of that population in mind, they have to hope and trust that others in similar situations around the region are doing the same. It's not an easy thing to do. In this day and age it's much easier to duck issues, to let debate drag on for years, and to cast blame wherever it is convenient. Meanwhile, the problems get worse. ¶ In the Bay Area, part of the problem with transportation is related to a lack of regional leadership and authority. And one of the most important steps that needs to be taken is to find a way to fill this void. We need to strengthen the Metropolitan Transportation Commission or some other regional agency, providing it with more carrots and sticks, the power to grant and withhold money, to encourage local governments to embrace planning which goes beyond a single community's immediate interests. Moreover, we need to reevaluate the process by which projects are considered and debated to find some way that allows full public participation but which leads to timely decision-making for the greater regional good. ¶ We are today at a crossroads. After twenty years of neglecting our transportation system and living off the investments made by prior generations, the time has come for us to prepare for the region's future as we did in the 1950s and 60s. The process will demand participation and compromise from every one of us and certainly some measure of cash. But by working together in good faith, we can hope to build a better future than the one looming on the region's horizon today.

*"When faced with the choice between two evils, I always choose the one I haven't tried before."*

Mae West




**MAJOR BAY AREA PUBLIC TRANSPORTATION SYSTEMS**

- AC Transit
- Central Contra Costa Transit
- Golden Gate Transit
- SamTrans
- SF Muni
- Santa Clara County Transit
- BART
- Caltrain

**TRANSIT OPERATORS INFORMATION NUMBERS**

AC Transit
**(415) 839-2882**

BART
**(415) 788-BART**

Caltrain
**(415) 557-8661**
Voice or TTY
**(800) 558-8661**

Central Contra Costa Transit
**(415) 676-7500**

Cloverdale
**(707) 894-2521**

Dixon
**(916) 678-5020**

Golden Gate Transit
San Francisco
**(415) 332-6600**
Marin
**(415) 453-2100**
Sonoma
**(707) 544-1323**

Livermore/Amador Valley Transit (Wheels)
**(415) 455-8414**

Napa City (Vine)
**(707) 255-7631**

Petaluma
**(707) 778-4460**

Red & White Fleet (Vallejo-SF Ferry)
**(415) 546-2896**
**(800) 445-8580**

San Mateo County Transit (SamTrans)
**(415) 761-7000**

San Francisco Municipal Railway
**(415) 673-MUNI**
Hearing Impaired TTY
**(415) 923-6368**

Santa Clara County Transit
**(408) 287-4210**

Santa Rosa (City Bus)
**(707) 576-5308**

Sebastopol
**(707) 823-7863**

Sonoma County Transit
**(707) 576-RIDE**
**(800) 345-7433**

Union City Transit
**(415) 471-1411**

Vallejo (Bus)
**(707) 648-4666**

West Contra Costa County Transit (WestCAT)
**(415) 724-7993**

Yountville
**(707) 944-4815**

**RIDESHARING/ COMMUTER ASSISTANCE**

Regional Transit Connection
(bulk & on-site transit ticket sales)
**(415) 323-6338**

RIDES for Bay Area Commuters
(carpool & vanpool info)
**(415) 861-POOL**
**(408) 996-POOL**
**(707) 447-POOL**

**GOVERNMENT AGENCIES**

Metropolitan Transportation Commission
Public Information
**(415) 464-7783**
Traffic Mitigation
**(415) 464-7793**
Library
**(415) 464-7836**

Golden Triangle Task Force
Santa Clara County
**(408) 453-4030**

California Department of Transportation
Public Information
**(415) 923-4444**

Federal Highway Administration
**(415) 974-9906**

Urban Mass Transportation Administration
**(415) 974-7313**

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Hayward 94541
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Bay Area Council
**(415) 981-6600**

Contra Costa Council
**(415) 685-5566**

Marin County
Chamber of Commerce
**(415) 472-7470**

Napa City/County
Development Corporation
**(707) 253-3212**

Oakland
Chamber of Commerce
**(415) 874-4800**

San Francisco
Chamber of Commerce
**(415) 392-4511**

San Jose Metropolitan
Chamber of Commerce
**(408) 998-7000**

San Mateo County
Economic Development
Association, Inc.
**(415) 692-7632**

Santa Clara County
Manufacturing Group
**(408) 496-6601**

Solano Economic
Development Corporation
**(707) 426-1855**

Sonoma County Alliance
**(707) 525-8377**

Sonoma County Economic
Development Board
**(707) 527-2406**

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PRESENTATION BY MAYOR DAVE KARP

TO THE

TRANSPORTATION SUBCOMMITTEE

OF THE

PUBLIC WORKS COMMITTEE

U.S. HOUSE OF REPRESENTATIVES

APRIL 10, 1991

Good Morning. My name is Dave Karp and I am here as the Chairperson of the Alameda County Transportation Authority. Alameda County is one of eighteen counties in California that have enacted sales tax measures for transportation purposes. The combined revenues of these so-called "self help" counties will equal the amount anticipated by the State from the recent voter approval of propositions 108 and 111.

Despite these revenue sources, our needs continue to outpace our resources. Alameda County's one half cent sales tax will generate one billion dollars in the next decade and these funds are earmarked for transportation improvements that are not programmed for State funds. However, our program also has its shortfalls and I will describe two currently unfunded projects on routes of national significance.

The Authority is participating in funding improvements to a 13 mile segment of I-880 in southern Alameda County. I-880 is the only freeway connecting Santa Clara County with the industrial area of Alameda County. At present, the total sales tax, State and other local funds committed to this interstate project amount to $302 million.

However, we have had to defer some needed improvements due to funding constraints. One such deferral is upgrading the Alvarado-Niles Road Interchange at post mile 13. The existing interchange will permit upgrading of the underlying freeway, but there will be substandard horizontal and vertical clearances at this location. This site will present the only constriction on this route in southern Alameda County. To meet full Interstate standards, an additional $20 million will be required.

The Authority is participating also in BART's new rail extensions. Our program includes $170 million for BART's extensions in Alameda County. One of the extensions is proposed to extend from San Leandro along the existing I-580 median to the cities of Dublin and Pleasanton. This extension will cost approximately $530 million and will be financed entirely by State and local funds.

A parking structure is proposed at the East Dublin/Pleasanton station. This structure will have the effect of reducing commute demand on I-580. This estimated cost is $35 million and it is not funded at this time.

The point I wish to make is that the Citizens of California have shown a willingness to tax themselves for needed transportation improvements. However, our needs are greater than our resources and additional help is needed. I have given two examples of needs on routes of national significance. These needs should be funded at the Federal level as part of the need to preserve the existing Federal surface transportation investment.

This is probably the most important Transportation act since the basic Acts of 1956 and 1983, which increased the Federal gasoline tax. As we move into the 21st Century the need to maintain a major effective transportation system is essential, not only for our Nation's economic and social development, for over our transportation routes will go the items which will become part of a world-wide international market.

The system is only as effective as the smallest of its parts--these two items which are part of a link in the Northern California area are typical of those parts.

For this reason, I urge you to support both projects.

# THE COUNTY OF CHESTER

Commissioners:
Joseph J. Kenna, Chairman
D. T. Marrone
Patricia M. Baldwin

OFFICE OF THE COMMISSIONERS
Courthouse, High & Market Sts.,
West Chester, PA 19380
(215) 344-6100

Statement of Joseph J. Kenna
Presented to the House Subcommittee on Surface Transportation
April 10, 1991

Mr. Chairman, Members of the Subcommittee, my name is Joseph J. Kenna. I am the Chairman of the Board of Commissioners of Chester County, Pennsylvania.

It is indeed a true honor and privilege to appear before this Subcommittee. I know you have a very difficult task in creating the legislation necessary to reauthorize the Surface Transportation Act. Your task is particularly difficult in light of the fact that we are entering the post-interstate era. The directions you provide in this legislation will have a profound impact on mobility, safety and the economic development of our nation for many years to come.

I appear before you today to request your special consideration on a project which is of utmost importance to me, to the residents and businesses of Chester County, to the residents and businesses of the Philadelphia and Wilmington, Delaware metropolitan areas.

The project I am referring to is what is commonly called the Exton Bypass.

You have before you an information package which provides more detail and information than I could possibly cover in five minutes. The illustrations in this package attempt to provide geographical location while identifying issues and perspectives at the regional, interstate, intermodal and local levels.

As is evident from the first map in the package and on this presentation board, the Exton area is located almost midpoint between Washington, D.C. and New York City. The Exton Bypass is a proposed five mile relocation of U.S. Route 30 in the heart of Chester County, which is one of the fastest growing counties in Pennsylvania. U.S. Route 30 is the most significant non-toll arterial west from Philadelphia.

From the package you have before you, I would like to highlight some of the more significant issues:

> The Bypass has unanimous community support with an overwhelming priority from the entire legislative delegation in the County. I have, as part of my written testimony, letters of support from the entire State legislative delegation. These letters were part of a presentation to the Secretary of the Pennsylvania Department of Transportation.

This project would demonstrate amazing consistency with the transportation policies of the Bush Administration as defined in the U.S. DOT policy document entitled, "Moving America". These are identified on the list and map entitled, Regional Perspective. Of particular interest is the consistency with the policies on modal integration, capacity enhancements, private sector participation, highway safety and linking urban and rural areas.

The project would significantly improve regional mobility and access to public transportation (in the form of commuter rail stations and bus routes), airports and river ports, including ports in Philadelphia, Wilmington, Delaware and Camden, New Jersey. The Exton Bypass would essentially create a hub for intermodal transportation. The maps on interstate and intermodal perspective explain these points.

Townships and private developers in the immediate U.S. 30 corridor have attempted to resolve some of the traffic problems with major capacity improvements to U.S. Route 30, with a proposed commuter rail station, and possibly with land or financial contributions to the Exton Bypass. The next speaker, Mr. Thompson, will add to this point.

The project will be ready for construction in 1992.

As we move into the post-interstate era, the apparent next focus will be on roads of national significance. U.S. Route 30 certainly is categorically high on that list, as it has been for 200 years. Documentation of this is evident in the fact that U.S. Route 30 carries higher daily traffic volume and higher truck volume than the nearest parallel interstate route (I-76).

The Exton Bypass is an integral link in the national network because it closes a five mile gap between three different limited access roadways.

The Exton area is a classic example of a suburban area that was overwhelmed by land development in the 1980's and is now suffering from severe "suburban mobility" problems.

My intent today is to request your assistance in advancing funds for the construction of the Exton Bypass. While the Pennsylvania Department of Transportation has been able to move the project through all pre-construction stages, they have not been able to commit funds for the construction.

I believe that $87 million would:

Expedite construction;

Mitigate many of our suburban mobility problems; and

Improve the regional mobility in the Philadelphia metropolitan area.

Thank you for the opportunity to present this information. I wish you well in your deliberations on the Reauthorization Act and I certainly hope you can consider my request.

Mr. Chairman, I would be glad to try to answer any questions.

THE AMERICAN INSTITUTE OF ARCHITECTS

STATEMENT OF DOUGLAS KORVES, AIA

on behalf of

THE AMERICAN INSTITUTE OF ARCHITECTS

before the

U.S. HOUSE OF REPRESENTATIVES
SUBCOMMITTEE
ON SURFACE TRANSPORTATION

of the

COMMITTEE ON PUBLIC WORKS AND
TRANSPORTATION

APRIL 10, 1991

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Mr. Chairman, and members of the Subcommittee, my name is Douglas Korves, and today I am representing The American Institute of Architects and the Livable Communities Coalition, which the Institute hosts and convenes. The Livable Communities Coalition is composed of 21 planning, design, environmental, and historic preservation organizations, and our purpose is to encourage the development of transportation policies that enhance the quality of life for our local communities. If I may, I would like to submit a list of these organizations as part of my written testimony for the record.

I am an architect with my own firm, Douglas Korves Architects in New York, and I am President of the New York State Association of Architects.

On behalf of the AIA and the coalition, I want to thank you for this opportunity to present our views on surface transportation reauthorization legislation, and for the open process you have established that allows groups like ours to contribute to the development of this legislation. I also want to take this moment to express our appreciation for your continued thoughtful and progressive leadership in this area of critical national interest.

My message is simple. Federal transportation policies must be changed for the sake of our communities' futures. And this

year's reauthorization of the Surface Transportation Assistance Act offers an extraordinary opportunity to do it. The AIA and its coalition have developed a measure we call the Transportation for Livable Communities Act, a copy of which I have attache to my written statement for the record. This measure creates the framework for change by significantly strengthening the linkage between transportation and community planning and improvement. Many of the provisions of our proposal have been incorporated into the omnibus transportation legislation announced yesterday by the Surface Transportation Policy Project. The Project is composed of a broad range of coalitions and individual organizations seeking a comprehensive national transportation policy to better serve this country's environmental, social, and economic interests. The AIA is a member of the Project's steering committee.

Federal transportation policies have had enormous influence over the way our country has grown and developed since World War II. The federal highway program, begun for national security, has helped bind the nation together, to the benefit of agriculture, commerce, and tourism. It has ended the isolation of rural areas, driven the development of the nation's suburbs, and fueled world class industries that provide employment to millions. Yet by giving full throttle to the automobile, these same policies have also helped create rampant overdevelopment that has depopulated downtowns and overcrowded the suburbs. We have too

often damaged the very cities and countryside which we have built our highways to serve. Too often we have laid out our highways first and considered the effects on our communities and natural resources later. In the process, we have turned farmland into interstates, wetlands into causeways, neighborhoods into freeways, and greenbelts into beltways. We have paved over our scenery and history, and we have blanketed our cities, suburbs -- and even our national parks -- with smog. Low density development has sprawled over the landscape, imposing on us enormous and inefficient dollar and resource costs for water, sewer, and power infrastructure. There has been a social cost, too: workers no longer live near their work; shoppers no longer live near their shopping. We have headed down the highway to the suburbs to experience the freedom of life on the open road, only to sit stalled in traffic on our way to work.

If we continue along the current path, we consign our urban areas to gridlock and pollution -- and in some cases economic stagnation -- as inefficient transportation systems impede workers from getting to jobs and ultimately drive away business. Without an end to the business - as - usual approach to this nation's transportation needs, many localities will cease to function as livable places. If I may quote the chairman of a Washington, D.C. area Task Force on Growth and Transportation, "We have seen the future and it doesn't work." Regretfully, this grim assessment applies to urban areas all over the country.

Some statistics may be instructive.

By the year 2010, the average speed on Los Angeles freeways will drop from today's 31 miles per hour to 11 miles per hour. The New York metropolitan region is projected to experience 600,000 additional commuters by the year 2000. By the year 2005, if no improvements are made, it will take five hours to travel from New Brunswick, New Jersey to Trenton, on U.S. Route 1, a distance of about 30 miles. The Federal Highway Administration projects that nationwide, traffic congestion delays on freeways will amount to 6 billion hours by 2005, up from 1.2 billion in 1984.

Of course, we don't have to wait until then to see the results of today's transportation policies. In Moreno Valley and Rosamond, California, as many as one-third of commuters are making 100-mile round trip commutes to work. In Fairfax County, Virginia, the Tyson's Corner area has more office development than all but eight U.S. cities, yet this area is served almost entirely by auto. In fact, people routinely use their cars to get across the street there. A beltway around Atlanta has led to the development of 20 million square feet of new office space nearby, yet there is little transit service to this outlying area. The explosive growth in many suburbs has resulted in twice as many commutes across suburban lines as occur from the suburbs to downtown. In California, highway congestion results in 300,000 hours of delay every day, with a dollar cost of $550 million a

year.

Reliance on the auto has taken its toll on our energy security. Today, half our energy needs are filled by foreign sources, and that proportion is expected to grow. Considering that more than 70 percent of U.S. oil consumption is related to transportation, more efficient transportation policies can produce substantial energy savings. For each 40 person bus, 4250 gallons of gasoline a year can be saved for a daily commute of 10 miles round trip. A van with nine people can reduce fuel consumption by over 80 percent.

The Livable Communities Coalition believes there must be a better approach. This better approach starts with coordinated planning that makes transportation more than just an exercise in getting from one place to another. National policy should ensure that each transportation project is considered in light of its contribution to community livability and fits within the environment of the locality it serves. National policy ought to be concerned with moving people and goods -- not just automobiles -- and with caring about what happens along the way.

Unfortunately, current law pays scant attention to transportation planning. In fact, the use of rock salt receives greater emphasis. The Administration's Surface Transportation bill is an

improvement over the current law's almost total neglect, yet its provisions fall short. While in urban areas of 200,000 or more it sets requirements for establishment of a "congestion management system," and for consistency of significant new or reconstruction highway projects with this system. This congestion management system is undefined, the requirements are incomplete, and the potential for affecting business-as-usual is weak. The state planning sections are even weaker, providing only for coordination with local transportation planning and "promoting the coordination of various transportation modes with due consideration of national goals like system preservation, highway safety, and preservation of the environment." Since the Administration bill also provides a smaller federal match for mass transportation projects, the flexibility to produce multi-modal systems is diminished.

The Transportation for Livable Communities Act has four specific sections: 1) state and urban planning, 2) transportation enhancement activities, 3) establishment of a national system of scenic and historic highways, and 4) reform of the Highway Beautification Act. The Transportation for Livable Communities Act would amend selected sections of the existing federal-aid highway statutes contained in title 23 of the United States Code. It would not alter the existing categories of federal-aid programs or the apportionment or federal share formulas. I would like to outline the provisions of this proposal.

**TITLE I.** This title would strengthen the link between comprehensive and environmental planning and transportation investment decisions by requiring that local and state highway plans use management and investment strategies that make the most efficient use of existing transportation facilities, as measured by the movement of people and goods. Their plans should promote land use patterns for residence and employment that make mass transportation more attractive and feasible. Specifically, state and local officials should be able to demonstrate why alternative transportation modes or management strategies are not feasible substitutes to any proposed expansions of highway capacity and how they would take steps to reduce energy consumption and minimize physical or visual disruption of scenic landscapes, vistas, and historic areas. Their plans should conform to and complement local and state plans concerning housing, community development, rural conservation, recreation, historic preservation, and air and water quality -- including the transportation provisions contained in the Clean Air and Clean Water Acts. Good planning should result in reductions in the demand in congested areas for motor vehicle travel, particularly for single-passenger automobile travel. These plans also should specify proposed transportation enhancement activities, which are noted in Title II. States must consult the public and local officials in developing their plans.

**TITLE II.** This title would create a new category of

transportation activities eligible for federal funding -- many of which are now only vaguely eligible under current law. Included would be scenic and historic landscape enhancements, demonstration projects to encourage excellence in the design, construction, rehabilitation, and use of transportation facilities; building construction or rehabilitation, signage, or other programs related to traveler information and education; rehabilitation of historic transportation buildings or structures; preservation of abandoned railway corridors, including their conversion and use for pedestrian walkways, and other programs to accommodate nonmotorized travel; archeological planning and research; acquisition of scenic, recreational and historic sites or areas, or of easements related to such sites or areas; and control and removal of outdoor advertising signs.

The bill would authorize an increase in whatever federal share is payable for a project by one percent for each two percent of the project that goes for these enhancement activities. For example, where the federal share would be 75 percent for a project without any of these activities, the federal share would be increased to 80 percent if 10 percent of the total project costs went for such activities. This bill would also require states to devote at least eight percent of their annual apportioned funds to these activities. We do not believe that this is inconsistent with present enlightened practice.

The planning and enhancement provisions of the act could

actually smooth the way for the development of necessary transportation solutions because they encourage early in the planning process, issues that are now often pursued through the courts. To the extent to which these issues can be settled sooner at the state and local level, both time and money can be saved. At the same time, the planning process and the more effective coordination of land use and transportation planning that would result could help to head off the anti-growth ballot initiatives that constituencies fed up with urban sprawl and traffic congestion have sought to implement. Their frustration is understandable, but such initiatives don't solve the problems of growth, they only displace them to outlying areas where transportation needs are even less efficiently addressed.

Federal transportation planning woefully lags behind what is already taking place in states and localities all across the country: New Jersey, Florida, Georgia, Vermont, Washington state's fast-growing western portion, San Diego, Los Angeles, Portland, Oregon, and even Aquidank Island, Rhode Island, where the Newport County Chamber of Commerce has called for comprehensive planning in part because of clogged roads.

These and many other initiatives by states and localities are not perfect. Even though Portland is considered a national model, less than 1 percent of suburban residents use mass transit in their commutes. Yet they are the necessary next steps for governments which have seen that their futures will not work and which are taking those futures in hand to guide and shape them

for the benefit of their citizens.

The federal government should follow their example, and show the way to others who still believe that more roads are the only answer to transportation problems.

**TITLE III.** This title would establish the National Scenic and Historic Highway System. States would nominate highways for the system, except that federal agencies would do so for federally-owned highways. National standards would be developed for designation and for operation and management, signage, and resource protection. The U.S. Department of Transportation would administer the program and establish standards in cooperation with the U.S. Departments of Interior and Agriculture. The Secretary of Transportation would have the discretion to fund projects including: the survey of highways for potential designation; acquisition and rehabilitation of historic facilities related to a National Scenic and Historic Highway; design, construction, and rehabilitation of landscaping and associated highway facilities; and, the design and production of signage and educational and promotional materials.

The bill would set aside $25 million for each of the next five fiscal years for projects related to this activity, and the funding would be available on a 95 percent federal share basis. No funds would be made available from this program for actual highway construction or repair.

A scenic and historic highway system could protect and

enhance highways - federally funded and otherwise - that hold a special place in the nation's history and culture.

**TITLE IV.** This title encompasses legislation to reform the Highway Beautification Act recently introduced by Senator John Chafee (R-RI) and Representatives John Lewis (D-GA) and Sherwood Boehlert (R-NY). It would restore to states and localities the jurisdiction to remove non-conforming billboards, and, accordingly, allow states and localities to decide whether to compensate billboard owners outright or to amortize the compensation. It would also impose a moratorium on new billboard construction on the Federal Interstate and primary systems, require states to inventory all existing billboards on those systems, and permit states to expend up to three percent of their annual Interstate and primary apportionments for non-conforming billboard removal. In addition, the legislation would prohibit owners of non-conforming billboards from making improvements which would extend the billboard's useful lives and would prohibit states from cutting down trees or vegetation for the purpose of improving the visibility of a billboard.

These reforms are necessary because the Highway Beautification Act has failed in its purpose. More billboards are going up than are coming down. They can be erected in any manner of places along federal highways. Even though states and localities may wish to impose stronger controls over signage, the act prohibits it. And although virtually every court that has

heard the issue has ruled that amortization is a legal form of compensating billboard owners for removal of non-conforming signs, which the law expects to come down, the cash compensation requirement has blocked effective removal.

Prior to 1983, the U.S. spent $220 million for sign removal, but appropriated no funds for this purpose since then. Between 1986 and 1989, 2,657 non-conforming signs were brought down, while 47,519 new signs went up. The AIA is not anti-billboard. We are opposed to their rampant proliferation through the provisions of a law that was specifically designed to regulate them. Considering that of the top ten billboard advertisers, nine were alcohol and tobacco companies, one must wonder just what national transportation interest this law now serves. The Administration bill contains many of the above concepts, and is a welcome addition to the issue.

Mr. Chairman, we believe the Transportation for Livable Communities Act, combined with adequate federal funding, and flexibility for states and localities to choose their transportation solutions within a framework of rational, coordinated planning, will contribute toward a transportation policy truly responsive to the needs of this nation as it approaches the new century. The reauthorization of the Surface Transportation Assistant Act provides the once in a generation opportunity to enact this necessary policy. We should not let it slip away.

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**TRANSPORTATION FOR LIVABLE COMMUNITIES ACT**

SUPPORTING ORGANIZATIONS:

The American Institute of Architects
The American Planning Association
The American Society of Landscape Architects
The Colorado Environmental Coalition
The Delaware Valley Clean Air Council
The Garden Club of America
The Land Trust Alliance
The National Conference of State Historic Preservation Officers
The National Alliance of Preservation Commissions
The National Trust for Historic Preservation
The National Wildlife Federation
Preservation Action
Rails-to-Trails Conservancy
Sierra Club
Scenic America
1000 Friends of Florida
1000 Friends of Oregon
Vermont Natural Resources Council
The World Wildlife Fund/The Conservation Foundation

*"Roads can make or break a nation."*

**- U.S. Senator Daniel P. Moynihan**[1]

Or, to paraphrase Churchill, we shape our highways and then they shape us. In not yet two generations, federally-assisted highways--for better or worse--have reshaped the American landscape and pattern of settlement.

On the one hand, the Interstates and major highways have shortened travel time for commercial transport and personal business and pleasure to the benefit of agriculture, industry, and tourism. On the other hand, they have unleashed rampant development which has depopulated cities, overcrowded suburbs, paved over scenery and history, and spread pollution.

In our enthusiasm for the auto, we have too often damaged the very cities and countryside which we built our highways to serve. Too often, we have laid out our highways first and considered the effects on our communities and natural resources afterward. In the process, we have turned farmlands into Interstates, wetlands into causeways, neighborhoods into freeways, greenbelts into beltways. We have blanketed our cities--even our national parks--with smog.

Low density development dribbled down the highways imposing on us enormous and inefficient dollar and resource costs for water, sewer, and power infrastructure. There has been a social cost, too: workers no longer live near their work, shoppers no longer live near their shopping. We have fanned ourselves out, only to face the paradox of intolerable congestion on our commutes.

We need to maintain and improve our highway system. In the congressional reauthorization of the federal highway program scheduled for 1991, we have a unique opportunity to address the environmental and quality of life issues which the program poses. With only minor adjustments in funding and planning, and retaining our traditional reliance on state and local initiative, we can begin to turn the highway program into a vehicle for preserving and enhancing our natural and man-made heritage and rebuilding livable communities.

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[1] "New Roads and Urban Chaos", The Reporter, April 14, 1960, p. 20.

## SUMMARY AND EXPLANATION OF THE TRANSPORTATION FOR LIVABLE COMMUNITIES ACT OF 1991

The bill amends selected sections of the existing federal-aid highway statutes. It does not alter the existing categories of federal-aid programs or the apportionment or federal share formulas. All section references below are to title 23 of the United States Code.

### TITLE I - PLANNING

The bill would strengthen the planning process associated with the federal highway system by:

--rebuilding the link between transportation investment decisions and comprehensive planning;
--improving links between transportation investment decisions and environmental planning; and
--encouraging consideration of conservation and preservation actions at the earliest stages of planning.

Specifically, the bill would revise the existing local and state planning processes in sections 134 and 307 to require that local and state highway plans required under those sections:

--take into account all planned transportation investments;
--preserve and make efficient use of existing transportation facilities;
--promote land use patterns that enhance the viability of mass transportation;
--consider feasible substitutes to substantial expansions of highway capacity;
--minimize disruptions to scenic and historic areas;
--conform to other governmental plans for community development and environmental protection;
--reduce demand in congested areas for motor vehicle travel; and
--consider public comments on the plans.

The bill would make approval of a state's highway program and projects under section 105 contingent on conformance with these planning processes.

### TITLE II - TRANSPORTATION ENHANCEMENT ACTIVITIES

The bill would create a new category of eligible activities known as Transportation Enhancement Activities. These would include:

--scenic enhancements, including those authorized under existing section 319 (roadside facilities and the wildflower program);
--demonstration projects to encourage design excellence in the construction, rehabilitation and use of transportation facilities;
--traveler information and education facilities and signage;

--rehabilitation of historic transportation structures;
--preservation of abandoned rail corridors and their conversion to pedestrian and bicycle trails;
--construction and maintenance of pedestrian and bicycle ways;
--archeological planning and research;
--acquisition of scenic, recreational and historic areas or easements; and
--control and removal of billboards;

The bill would authorize an increase in the federal share payable for a project by one percent for each two percent of the project that is accounted for by Transportation Enhancement Activities, up to a maximum, generally, of 95 percent. For example, where the federal share would be 75 percent for a project without any Transportation Enhancement Activities, the share could be increased to 80 percent if 10 percent of total project costs were accounted for such activities.

The bill would also require states each year to devote not less than eight percent of apportioned funds to Transportation Enhancement Activities.

## TITLE III - NATIONAL SCENIC AND HISTORIC HIGHWAY SYSTEM

The bill would create a system of National Scenic and Historic Highways, to be nominated and administered by the states (or by the federal agencies in the case of federally-owned highways) in accordance with national standards for operation and management, signage, and resource protection.

The Department of Transportation would administer the program and establish its standards in cooperation with the Departments of Interior and Agriculture. The Secretary of Transportation would have discretion to fund projects including:

--surveying highways for potential designation;
--acquisition and rehabilitation of historic facilities related to a National Scenic and Historic Highway;
--design, construction, and rehabilitation of landscaping and appurtenant highway facilities; and
--design and production of signage and educational and promotional materials.

The bill would set aside $25 million for the next five fiscal years for projects related to National Scenic and Historic Highway. Funds would be available on a 95 percent federal share basis. No funds would be made available from this program for actual highway construction or repair.

## TITLE IV - CONTROL OF OUTDOOR ADVERTISING

This title of the bill incorporates intact the provisions of S. 2500 from the 101st Congress, the Visual Pollution Control of 1990, a bill introduced by Senator Chafee. It was approved by the Committee on Environment and Public Works by a vote of 11-4, but was not considered by the full Senate. It would:

--restore to states and localities the jurisdiction to remove nonconforming billboards and, accordingly, allow states and localities to decide whether to compensate nonconforming billboards outright or to amortize compensation;
--impose a moratorium on new billboard construction on the federal Interstate and primary systems;
--require states to inventory all existing billboards on those systems;
--permit states to expend up to 3 percent of their annual Interstate and primary apportionments for nonconforming billboard removal;
--prohibit owners of nonconforming billboards from making improvements which would extend the billboards' useful lives; and
--prohibit states from cutting down trees or vegetation for the purpose of improving the visibility of a billboard.

A BILL

To amend Title 23, United States Code, to promote effective transportation planning, support conservation of significant environmental, historic, and recreational resources related to the nation's highways, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "Transportation for Livable Communities Act of 1991".

Sec. 2. The Congress finds and declares that --

(1) since its inception, the system of Federal-aid highways has shaped the national landscape and pattern of development;

(2) federal-aid highways have contributed to the economic development of the nation by improving transportation for agriculture, business, employment and recreation;

(3) federal-aid highways have also unintentionally promoted unplanned and inefficient development which has harmed cities socially and economically, forced wasteful suburban expenditures for utility and transportation infrastructure, and resulted in aggravating and costly traffic congestion throughout urban areas;

(4) federal-aid highways situated without adequate consideration of long-term effects or available alternatives have needlessly displaced farmland and open space, disrupted neighborhoods, and contributed to air and water pollution and excessive energy consumption;

(5) federal-aid highways should be planned and designed as part of a balanced system that supports State and local transportation, land use and environmental improvement plans;

(6) the federal-aid highway system, as part of a balanced transportation strategy, should contribute to energy conservation;

(7) federal aid should promote highway design and maintenance that preserve and enhance surrounding landscapes and protect historic resources; and

(8) a national system of scenic and historic highways will foster appreciation of the scenic beauty and historic significance of the nation's highways.

TITLE I - PLANNING

Sec. 101. Section 105(a) of title 23, United States Code, is amended by adding the following at the end thereof:

"The Secretary may not approve a program in whole or in part, nor approve any project in a proposed program, unless he finds that the program, considered as a whole, conforms to and carries out and carries out the plans and programs developed pursuant to sections 134(a) and 307(c)(1)(B) of this title. In determining whether to grant such approval, the Secretary shall give due consideration to the public comments and State agency views provided pursuant to section 307(c)(1)(B)."

Sec. 102. The title of section 134 of title 23, United States Code, is amended to read, "Transportation Planning in Metropolitan Areas."

Sec. 103. Section 134(a) of title 23, United States Code, is amended to read as follows:

"(a) It is declared to be in the national interest to encourage and promote the conservation and development of transportation systems embracing various modes of transportation in a manner that will serve the States and local communities efficiently and effectively. To accomplish this objective, the Secretary shall cooperate with the State and local officials in the development of transportation plans and programs which shall, at a minimum: utilize transportation system management and investment strategies designed to make the

most efficient use of existing transportation facilities, as measured in terms of the movement of people and goods; promote or reinforce patterns of land use for residence and employment that enhance the attractiveness and feasibility of mass transportation; demonstrate why alternative transportation modes or management strategies are not feasible substitutes to any proposed expansions of highway capacity; incorporate actions to reduce energy consumption; minimize physical or visual disruption of scenic landscapes, vistas and historic areas; conform to and complement local and state plans and programs concerning housing, community development, rural conservation, air quality (including the transportation provisions of any "applicable implementation plan" as defined in section 302(q) of the Clean Air Act, as amended [42 U.S.C. 7602(q)], water quality (including the continuing planning process approved under section 303(e) of the Clean Water Act [33 U.S.C. 1313(e)]), recreation, and historic preservation; effectuate reductions in the demand in congested areas for motor vehicle travel, and particularly for single-passenger automobile travel; and specify proposed transportation enhancement activities. The planning process shall consider all modes of transportation and account for reasonably anticipated funds, and shall be continuing, cooperative, and comprehensive. No highway project may be constructed in any metropolitan area unless the responsible public officials of the metropolitan area in which the project is located have been consulted and their views considered with respect to the corridor, the mode of transportation, and location, and design of the project."

Sec. 103. (a) Section 101(a), title 23, United States Code, is amended by inserting, at the appropriate place in alphabetical order therein, the following:

"The term "metropolitan area" means a metropolitan statistical area, as defined and

designed by the Office of Management and Budget."

(b) The term "urbanized area" is hereby replaced by the term "metropolitan area" at each place where it appears in section 104, title 23, United States Code, and each reference to "urbanized area" in said section is hereafter deemed to be a reference to "metropolitan area."

Sec. 104. Section 307(c), title 23 United States Code, is amended by redesigning subsection (c) (1) as subsection (c) (1) (A), and by adding, following said subsection, a new subsection (c) (1) (B), as follows:

"(B) The Secretary shall cooperate with the State in the development of transportation, which will serve the State and its local communities and rural areas effectively, accomplish social and economic development goals, conserve energy, preserve open space and scenic and historic resources, promote improvement of air and water quality, and encourage efficient land use patterns. The state transportation plans and programs shall be based on long-range needs and goals and shall, at a minimum: incorporate, coordinate and reconcile the transportation plans and programs developed pursuant to section 134(a) of this title and such similar plans as may be developed pursuant to section 134(a); reflect available funding and account for all transportation investments planned in the state and reconcile those investments with the transportation plans and needs of the state; encourage the preservation and most efficient use of existing transportation facilities, as measured in terms of the movement of people and goods; promote or reinforce patterns of land use for residence and employment that enhance the attractiveness and feasibility of mass transportation; demonstrate why alternative transportation modes or management strategies are not feasible substitutes to any proposed substantial expansions of highway capacity; minimize physical or visual disruption of scenic landscapes, vistas and historic areas; conform to and complement state plans and programs concerning housing, community development, rural conservation, air quality (including the

transportation provisions of any "applicable implementation plan" as defined in section 302(q) of the Clean Air Act, as amended [42 U.S.C. 702(q)], water quality (including the continuing planning process approved under section 303(e) of the Clean Water Act [33 U.S.C. 1313(e)]0, recreation, and historic preservation (including plans prepared pursuant to section 101(b) (3) of the National Historic Preservation Act) and include views on such conformity from State agencies responsible for such plans and programs; effectuate reductions in the demand in congested areas for motor vehicle travel, and particularly for single-passenger automobile travel; and specify proposed transportation enhancement activities. In developing plans and programs pursuant to this section, the State shall provide an opportunity for public comment and shall respond in reasonable detail to the comments received.

TITLE II - TRANSPORTATION ENHANCEMENT ACTIVITIES

Sec. 201(a). Section 101(a), title 23, United States Code, is amended by inserting; at the appropriate place in alphabetical order therein, the following:

"The term "transportation enhancement activities" means, with respect to a project and the area to be served by the project; scenic and historic landscape enhancement, including those authorized by section 319 of this title; demonstration projects to encourage excellence in the design, construction, rehabilitation and use of transportation facilities; building construction or rehabilitation, signage, or other programs related to traveler information and education; rehabilitation of historic transportation buildings or structures; preservation of abandoned railway corridors, including conversation and use thereof for pedestrian walkways, and other programs to accommodate nonmotorized travel, including program authorized by section 217 of this title; archeological planning and research, in addition to that authorized by section 305 of this title; acquisition of scenic, recreational and historic sites or areas, or of easements related to such sites

or areas; and control and removal of outdoor advertising signs, displays, and devices, including measures authorized by section 131 of this title.

(b) Section 101 (a), title 23, United States Code, is amended by adding at the end of the definition of the term "highway": "It also includes transportation enhancement activities."

(c) Section 144(d), title 23, United States Code, is amended by adding at the end of the first sentence thereof, "including related transportation enhancement activities."

Sec. 202. Section 120, title 23, United States Code, is amended by adding at the end thereof the following new subsection: "(o) Transportation Enhancement Activities -- The Federal share payable on account of any project on the system of Federal-aid highways shall be increased above the Federal share otherwise authorized by this section by 1 percentage point for each full 2 percent of project costs that are attributable to transportation enhancement activities, except that the Federal share payable on any project shall not exceed the larger of 95 percent of the total cost of such project or such other Federal share for which the project may otherwise be eligible."

Sec. 203. Section 104, title 23, United States Code, is amended by inserting the following new subsection (g) and redesigning existing subsection (g) and (h) as subsections (h) and (i), respectively:

"(g) Not less than 8 percent of the amount apportioned in any fiscal year to each State in accordance in any fiscal year to each State in accordance with this section shall be expended upon transportation enhancement activities."

TITLE III - NATIONAL SCENIC AND HISTORIC HIGHWAY SYSTEM

Sec. 301. There is hereby established the National Scenic and Historic Highway System.

Sec. 302. Within one year of the date of enactment of this Act,the Secretary, in consultation with the Secretary of the Interior and the Secretary of Agriculture, shall establish criteria for designating National Scenic and Historic Highways. Such criteria shall include--

(i) consideration of the scenic beauty and historic significance of the highways or the highway's surroundings;

(ii) operation and management standards, including standards and strategies for maintaining or improving those qualities for which a highway was designated a National Scenic and Historic Highway, for preserving or enhancing landscape and view corridors, and for averting traffic congestion;

(iii) standards for highway signage, including uniform signage identifying highway as component of the National Scenic and Historic Highway System; and

(iv) design review procedures for highway siting, structures, landscaping, and travelers' facilities.

Sec. 303. A State or States may nominate existing or planned highway, whether or not on one of the Federal-aid systems, to the Secretary for inclusion in the National Scenic and Historic Highway System. Each such nomination shall be accompanied by a certification from the State that, if designated for inclusion on the National Scenic and Historic Highway System, within two years of designation the highway will be managed by the State or a political subdivision of the State in full compliance with the criteria established pursuant to section 302 of this Act.

Sec. 304. The Secretary, in consultation with the Secretary of the Interior and the Secretary of Agriculture, shall within eighteen months of the effective date of this Act, conduct an inventory of Federal lands highways and designate appropriate such highways for inclusion on the National Scenic and Historic Highway System. The head of a Federal agency administering a Federal lands highway so designated shall ensure that, no later than two years following

designation, the highway is managed in full compliance with the criteria established pursuant to section 302 of this Act.

Sec. 305. The Secretary shall withdraw the designation of a highway, other than a Federal lands highway, upon the request of a State or upon determining that the highway does not meet the criteria established pursuant to section 302 of this Act.

Sec. 306. Designation of a highway as a National Scenic and Historic Highway shall not be deemed to constitute inclusion of the highway on any of the Federal-aid systems for any purpose if it is not otherwise so included, nor shall such designation of a highway otherwise included on a Federal-aid system in any way affect the highway's inclusion or eligibility for funding in the Federal-aid system.

Sec. 307. (a) The Secretary is authorized to approve projects for the purpose of identifying, designating, and operating National Scenic and Historic Highways, including, but not limited to--

(i) surveying and planning preparatory to application for designation;

(ii) acquisition and rehabilitation of historic transportation facilities related to the route of a National Scenic and Historic Highway;

(iii) design, construction and rehabilitation of landscaping, highway appurtenances, and travelers' facilities; and

(iv) design and production of signage and education and promotional materials.

(b) The Secretary shall not approve pursuant to this section any project for the grading, construction, repair, or rehabilitation of a highway roadbed.

(c) The Federal share payable on account of any project pursuant to this section shall not exceed 95 percent.

(d) (1) Before any apportionment is made under section 104(b) of title 23, United

States Code, in each of fiscal years 1992, 1993, 1994, 1995, and 1996, the Secretary shall set aside the sum of $25,000,000 to carry out the purpose of this section. Any funds not obligated at the end of the fiscal year in which such funds are set aside shall remain available for obligation to carry out the purpose of this section for a period of three years after the close of the fiscal year in which such funds are set aside.

(2) Section 104(b) of title 23, United States Code, is amended in the first paragraph thereof, by inserting "and section 307(d) (1) of the Transportation for Livable Communities Act of 1991," following "and the set asides authorized by subsection (f) of this section and sections 118(c) and 307(d) of this title".

TITLE IV - CONTROL OF OUTDOOR ADVERTISING

Section 401. Section 131 of title 23, United States Code, is amended as follows--

(1) in subsection (b):

(A) by striking "shall be reduced " and inserted in lieu thereof "may be reduced"; and

(B) by striking the words "equal to 10 " in the second to last sentence, by inserting in lieu thereof "up to 5", and by striking the last sentence;

(2) in subsection (c):

(A) by striking "(c)" and inserting in lieu thereof "(c) (1)" and redesigning clauses 1 through 5 as clauses A through E;

(B) by inserting at the end thereof the following new paragraphs:

"(2) As part of effective control, each State shall maintain an annual inventory of all outdoor advertising signs, displays, and devices required to be controlled pursuant to this section. Such

inventory shall identify all such signs as either illegal, nonconforming, or conforming under State law."

"(3) As part of effective control, each state shall assure that signs, displays, and devices required to be removed by this section shall be removed within ninety days of (A) the date upon which they must be removed pursuant to State or local law, or (B), if eligible to receive cash compensation pursuant to this section or to be amortized, the date upon which cash compensation is paid, or the State or local amortization period ends.

"(4) As a part of effective control, no State may allow or undertake any vegetation removal or other alteration of the highway right-of-way with the purpose of improving the visibility of any outdoor advertising sign, display or device located outside of the right-of-way.

"(5) As part of effective control, no State may permit any person to modify any outdoor advertising sign, display, or device which does not conform to subsection (c) or (d) of this section to improve its visibility or to prolong its useful life.

(3) in subsection (d), by inserting in lieu thereof "(d)(1)", and by adding at the end of the subsection the following:

"(2) After October 1, 1991, no new signs, displays or devices may be erected under the authority of this subsection. Any sign, display or device lawfully erected under State law after October 1, 1991, and prior to the effective date of this section shall be treated as

nonconforming,";

(4) in subsection (e) by amending subsection (e) as follows:

"(e) The Secretary shall not require a State to remove any lawfully erected sign, display or device which does not conform to this section and is lawfully in existence on the date which this section becomes effective. Nothing in this subsection shall prevent a State from removing any sign, display or device.";

(5) in subsection (g) by amending subsection (g) to read as follows:

"(g) (1) The Secretary may participate in the costs incurred by the State for the following:

"(a) physically removing signs, displays, or devices that are located in areas required to be effectively controlled by this section and are illegal under State law or that are required by this section to be removed and that were lawfully erected and have been lawfully maintained under State law; and

"(b) acquiring signs, displays, or devices that are required by this section to be removed and that were lawfully erected and have been lawfully maintained under State law.

"(2) Payments made to a State by the Secretary may be made for the removal or acquisition of signs, displays, and devices located in areas adjacent to the Federal-aid primary system and the Interstate System from funds apportioned to such State under section 104(b)(1) and 104(b)(5) of this title. For the removal or acquisition of signs, displays, or devices, the Federal share of any costs participated in under this subsection shall not

exceed that set forth in section 120(a) for those adjacent to the Federal-aid primary system and that set forth in section 120(c) for those adjacent to the Interstate System.

"(3) After September 30, 1991, a State may use to carry out this section in any fiscal year not to exceed three percent of funds apportioned in such fiscal year to such State for the Federal-aid Interstate and Primary System.

"(4) A sign, display, or device acquired with funds made available pursuant to this section may be disposed of by sale or other means to a private party only if the State receives satisfactory written assurances that the material will not be used to construct or reconstruct an outdoor advertising sign, display, or device.":

(6) in subsection (h) by striking "(h)", by inserting in lieu thereof "(h)(1)", and by adding at the end the following new paragraph:

"(2) No outdoor advertising sign, display, or device shall be permitted by any Federal agency on all public lands or reservation, excluding Indian lands and renovations, owned or controlled by the United States, unless such sign, display, or device conforms to regulations issued by the Federal agency with jurisdiction over, or responsibility for, such land. Such regulations shall be at least as stringent as the requirements of this section and the requirements of the State in which the land is located. The regulations required by this subsection shall be developed in consultation with the Secretary of Transportation and shall be promulgated within 12

months of the effective date of this Act.";

(7) in subsection (k) by striking the words "Subject to compliance with subsection (g) of this section for the payments of just compensation nothing: and inserting in place thereof the word "Nothing"; and

(8) by repealing subsection (n) and (p). Sec. 402. On a date no later than one year from the date of enactment of this Act, the Department of Transportation shall promulgate uniform national regulations to implement all sections of this Act.

Sec. 403. The amendments made by this section shall be effective upon the date of enactment of this Act, provided that any amendment which a State cannot implement without legislation shall be effective upon the date of enactment of this Act or the end of the first regular legislative session in such State which is commenced after the date of enactment of this section, whichever is later.

STATEMENT BEFORE
THE SURFACE TRANSPORTATION SUBCOMMITTEE
OF THE
HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE
Regarding the
REAUTHORIZATION OF THE SURFACE TRANSPORTATION ASSISTANCE ACT

By
ALFRED B. LAGASSE III
Chairman, Coalition for Transit Opportunities
and
Executive Vice President
International Taxicab and Livery Association
April 10, 1991

Mr. Chairman, my name is Al LaGasse and I am the Chairman of the Coalition for Transit Opportunities. The Coalition consists of the following associations including the International Taxicab and Livery Association of which I am their Executive Vice President, the American Bus Association, the National School Transportation Association, the United Bus Owners of America, the Airport Ground Transportation Association and several private transportation provider companies. The major objective of our Coalition is to preserve in the Urban Mass Transportation Act provisions that allow for a fair and reasonable consideration of private sector involvement in the implementation of public transit services and any attendant regulations or guidance that define those provisions. We are plain and simply stating that this part of the Urban Mass Transportation Act is working fine and does not need to be changed in any way.

The private transit industry operates more than 125,000 charter, tour and school buses --- more than three times the number of public transit buses in operation each day. The private transit industry has earned an unparalleled safety record. Presently, the industry operates 30 percent of all school bus service (operating more than twice as many buses daily as are operated by all U.S. public transit agencies combined), and 70 percent of all public transit dial-a-ride service for senior citizens and the disabled.

The Coalition for Transit Opportunities has been formed to ensure a continued role for the private sector in providing public transportation and to protect the rights the private sector has gained. Specifically, the Coalition's goals are as follows:

1) Preserve the Urban Mass Transportation Act provisions 3(e) and 8(e) as written in 1964 and interpreted in statute and guidance by UMTA since that time ,and

2) Preserve the more recent Charter Bus Regulations in their current form.

In regards to 3(e) and 8(e), over the last decade the private sector has interpreted these provisions as not providing any mandates or requirements but simply a fair and open opportunity to provide contracted out services defined and controlled by the public transit authority. In fact, these provisions were an original part of the 1964 Act that created UMTA. The track record of contracted out paratransit and line haul services has been impressive

and has provided a level of flexibility in providing cost effective and efficient service that public transit can and has utilized to its passengers' best advantage. Competitive contracting ensures the most effective use of tax funding and it permits higher levels of service for lower public subsidies and fares.

In the absence of competitive incentives, public transit costs have risen at a rate greater than inflation. From 1970 to 1988, public transit costs per mile increased 382 percent or more than double the 189 percent inflation rate. Competitive bus industry costs increased less than the rate of inflation from 1970 to 1987. In most cases, private operators are able to provide the same quality and quantity of service for less than the public operators. The average savings resulting from competitive contracting of public transit service is 30 percent. In addition, continued use of the competitive contracting process assists public transit agencies to control their own costs.

In addition, Most competitively contracted public transit service is operated by employees represented by national labor unions and in the United States. To the best of our knowledge, competitive contracting has been implemented without the layoff of public employees.

The results of competitive contracting savings for public transit services across the U.S. have been significant and documented. For example, in Denver, an average savings of 27.5 percent have been achieved on competitively contracted service according to an audit done by KMPG Peat Marwick, and these services were found to be equal in quality and safety to services operated by the public transit system. We would like to take this opportunity to present for the Committee record the performance audit done by Peat Marwick, one of the largest public accounting and consulting firms in the United States. Peat Marwick reported the facts as they saw them and have put their good name on the line in support of these published results. The importance of the operations in Denver is the fact that a few years ago the Colorado legislature required the Denver RTD to contract out 20 percent of their service. This requirement has saved the Denver RTD millions of dollars in an initiative that was locally derived and implemented.

In Los Angeles, Price Waterhouse reported improved safety and service quality as well as 50 percent savings on competitively contracted service.

San Diego's competitive contracting program has exerted a downward pressure on costs including costs on those services still operated by the public transit agency. Subsequent to the initiation of contracting, San Diego's savings, relative to the average public transit industry costs, have exceeded $100 million since 1979.

In the San Francisco Bay area, nearly 300 buses provide competitively contracted services including the feeder service to BART trains, bus systems in suburban counties, and an express bus system to downtown from San Mateo County.

In Dallas, competitively contracted service employs more than 200 buses including most suburban and express service.

Near Atlanta, Cobb County has established its own competitively contracted bus service to MARTA trains and to downtown Atlanta. Costs are below that of MARTA, and ridership reached its third year projection in the first year.

In Seattle, Snohomish County is now saving more than 30 percent on a system of competitively contracted express services. Ridership has increased more than 100 percent in the three years of contracted operation and service quality has improved.

There are many more examples which we could cite nationally and internationally where contracted out service is being used successfully. The savings realized from contracting are derived from a combination of more competitive employee wage rates,increased efficiencies, which generally result in the need for fewer administrative personnel, and streamlined work place approaches that simply make the operations run better. We believe that should be the goal of not only private operators but the public transit industry as a whole.

The introduction of competition into the Federal mass transit program has created a new industry for large and small private transportation companies which creates jobs and pay taxes at the local, state and federal levels. No one can objectively criticize the track record that has been established over the past fifteen years for paratransit and line haul service. Therefore, we urge this Subcommittee and the Full Committee to refrain from making any legislative changes.

The second issue of concern to our Coalition is the UMTA Charter Bus Regulation. Issued in 1987, this regulation states that if an unsubsidized operator were available and willing to provide charter service, then it should not be provided by a publicly subsidized operator. Under certain circumstances such as a special event or a situation where no private carrier is able to serve the area, the public authority would be authorized by UMTA to provide service.

We would want to state for the record that thousands of private bus companies, who receive no federal subsidy and must obtain private financing for their equipment, perform charter bus service in the United States. These tax paying companies should not have to compete for their livelihood against federally subsidized grantees whose principal mission is the transport of passengers to and from work.

Again, as with the 3(e)8(e) issue the charter bus regulation is working. The vast majority of public transit authorities is dealing with the regulation and the private sector for the first time in decades has seen marked improvement. In four years complaints from the public sector have been minimal and for the most part, have been solved to the mutual agreement of public and private providers.

In the thousands of cities in the United States, very few have exemptions because the private sector could not serve that area. The private sector responds to demand and for all intents and purposes is available throughout the country.

We believe that future evidence provided by UMTA and our own research will show that the provision of charter service is being superbly handled by private market forces and that is where it should stay. Any attempt by the federal government to intrude into that market will surely result in the loss of jobs, tax base revenue in local communities and service quality.

We urge no action whatsoever in this area.

In conclusion, we are probably one of the few groups that will approach your Subcommittee this year as you reauthorize the Surface Transportation Assistance Act who will not ask for any money or any legislative action. We simply request on the private sector provisions of the Urban Mass Transportation Act, namely 3(e)8(e) and the Charter Bus provisions that you leave them as they are and change no guidelines or regulations in any way related to them. In these times of budget uncertainty, we believe public transit needs the cooperation and a partnership with the private sector to provide flexibility when subsidy dollars are becoming more scarce and precious.

We appreciate this opportunity to present our views and I would be glad to try to answer any questions you may wish to ask.

KPMG Peat Marwick

Certified Public Accountants

*Revised*
Final Report

# Performance Audit of Privatization of RTD Services

*prepared in response to the requirements of*

Colorado Revised Statutes 32-9-119.5, as amended, as amended by Colorado General Assembly Senate Bill 164 of 1988

*prepared for*

Regional Transportation District
Denver, Colorado

*prepared by*

KPMG Peat Marwick
*in association with*
Mundle & Associates, Inc.

December 24, 1990

# EXECUTIVE SUMMARY

## INTRODUCTION

This report documents the performance of the Regional Transportation District (RTD) in its implementation of the provisions of Colorado Revised Statutes 32-9-119.5, as amended, specifically the provisions of Senate Bill 164 of 1988 and Senate Bill 8 of 1990 (hereinafter referred to as SB 164), and the resulting performance of the contractors selected by RTD to provide transit service. SB 164 required that RTD contract at least 20 percent of its service to qualified private businesses in negotiated contracts.

The Final Report and the Technical Report, bound separately, fulfill the requirements of SB 164 that RTD contract with an independent certified public accounting firm for a neutral and unbiased performance audit.

The privatization effort has identified long-term cost savings and has shown that service quality can be preserved when transit services are privatized. These positive findings must be tempered, however, by the consideration of poor initial performance by all of the contractors and continuing problems with one of the contractors, significant front-end RTD costs resulting from intensive contract administration and operational oversight, and the uncertainty of the contractors' long-term financial situation, given high start-up costs and initial operating losses.

## COST OF SERVICE

### Determination of Savings to RTD Resulting from Privatization

The comparison of fiscal impacts of RTD directly operated versus contracted transit services was performed on both a fully-allocated and an incremental basis.

#### Fully-Allocated Cost Analysis

This analysis was structured to determine the dollar difference between the modeled in-house fully-allocated cost, had RTD directly operated privatized services, and the fiscal impacts resulting from RTD contracting service. The fully-allocated estimate of RTD's in-house costs implied that indirect operating costs would proportionately decline with the quantity of service contracted out. In addition, the fully-allocated costs included an allocation of the sunk capital-related costs for depreciation.

Two analyses were performed:

- Cumulative costs over five-year contract-term: This analysis addressed the cost savings that will result over the full five-year term of the contracts. The analysis projected a five-year savings resulting from privatization, on a fully-allocated basis, of $29.3 million, or 24.5 percent of RTD's in-house cost.

- Stable year costs: This analysis focused on 1993, the last full-year in which all the contracts will be in effect (assuming that RTD exercises the options). This analysis assumed that all transitional financial impacts associated with implementation of the privatization process (e.g., amortized non-recurring RTD labor costs for contract administration and operational oversight, consultant costs, underutilized RTD labor costs, and bus lease income) diminish to zero. This analysis determined a stable year savings resulting from privatization, on a fully-allocated basis, of $6.9 million, or 27.5 percent of RTD's in-house cost.

## Incremental Cost Analysis

The net fiscal impacts on an incremental (or "cash") basis were compared with the costs derived from the fully-allocated cost model. The net fiscal impacts were based on actual/forecasted (as opposed to modeled) reductions in indirect costs based on RTD's 1990 proposed amended and 1991 recommended budgets. In addition, the incremental comparison did not address depreciation costs since these were sunk costs, expended prior to the privatization effort. Three analyses, were performed:

- Cumulative costs over five-year contract-term: This analysis addressed the cost savings that will result over the full five-year term of the contracts. This analysis projected a five-year net positive fiscal impact (or savings) resulting from privatization, on an incremental basis, of $15.9 million, or 14.9 percent of RTD's in-house cost.

- Stable year costs: This analysis focused on 1993, the last full-year in which all the contracts will be in effect (assuming that RTD exercises the options). As in the fully-allocated comparison, this analysis assumed that all transitional financial impacts associated with implementation of the privatization process diminish to zero. This analysis projected a stable year net positive fiscal impact (or savings) resulting from privatization, on an incremental basis, of $3.9 million, or 17.0 percent of RTD's in-house cost.

- Cash basis through June 30, 1990: This analysis focused on cost and revenue experience during the period through June 30, 1990 (the most recent quarter for which financial results were available). This analysis estimated a net negative fiscal impact (or cost) of privatization of $1 million, on an incremental basis, through June 30, 1990.

## Analysis of Contractors' Actual Costs and Profitability

In order to preserve the confidentiality of proprietary information, this report presents only the sum of the costs for all three contractors. The following detailed analyses were performed on the contractors' actual cost data:

- Profitability: With start-up and leasehold improvement costs amortized over a three-year period, the contractors lost $217,000 out of total expenses of approximately $10.4 million, or a loss of 2.1 percent.

- Start-up and leasehold improvement costs: These costs were estimated at $1.6 million, or 2.4 percent of the proposed five-year base contract price for all of the contractors. In terms of actual cost experience through June 30, 1990, amortized start-up and leasehold improvement costs were 4 percent of actual costs.

- Local taxes: As profit making enterprises, the contractors were subject to state and local fuel, licensing, property, sales taxes to which RTD would not have been subjected. The result was an increase in revenue to state and local governments in the amount of $469,000, or approximately 5 percent of the contractors actual costs.

While the contractors have incurred a loss to date, each is an operating unit of larger corporations that have and may continue to fund relatively small local operating losses in individual operating units. Two of the contractors are actively pursuing other transit-related businesses in the Denver area. The privatized RTD services may effectively be a "loss-leader" which provided these contractors a "foot in the door" in the Denver market place.

Without knowledge of the overall business strategy of each contractor, which is, of course, subject to change, the financial

performance of individual operating units of larger businesses may not give any indication of the future price strategy of each contractor.

## SAFETY AND QUALITY OF SERVICE

The performance audit addressed the several measures of safety and quality of service, including accidents, on-time performance, maintenance reliability, and complaints. Because of inherent differences in operating conditions (e.g., density of street traffic) and passenger loadings, the comparison of quality of service between RTD and the contractors distinguished between several fundamental different types of bus services. These included local/limited radial and non-radial, express, and circulator routes.

### Safety

The contractors' accident rates were lower than RTD for bodily injury accidents, but higher than RTD for property damage accidents. This applied for all types of service. The contractors' property damage accident rates were much higher during the initial months of operation for local/limited radial routes and circulator routes.

### On-Time Performance

The contractors' on-time performance was better than RTD's for local/limited radial routes, approximately the same for local/limited non-radial and express routes, and slightly worse for circulator routes. The contractors' were observed running late more often than RTD and running early less often than RTD.

### Maintenance Reliability

During the April-June 1990 quarter, the contractors had a worse rate of miles between roadcalls than RTD for all types of service. The contractors' miles between roadcalls declined over the total analysis period. This can be partially explained by the new vehicles operated by the Group I contractor, which experienced fewer in-service maintenance problems during the initial months of operation.

### Complaints

The findings focused on operator performance, maintenance, and on-time performance:

- Operator performance: The contractors performed approximately the same as RTD for local/limited radial and express routes. The contractors performed much better than RTD for circulator routes.

- Maintenance: During the April-June 1990 quarter, the contractors performed slightly better than RTD for express routes and worse than RTD for circulator routes. In the total analysis period through June 1990, the contractors performed worse than RTD for express routes, but significantly better than RTD on circulator routes.

- On-Time Performance: The contractors' "early" complaint rate was close to RTD's rate for local/limited radial and radial and express routes. The contractors' "early" complaint rate was higher than RTD's for circulator routes in the April-June 1990 quarter but lower in the total analysis period through June 1990.

  The contractors had a higher "late" complaint rate for local/limited radial and express routes, but a significantly lower rate for circulator routes.

  The contractors had higher a "no-show" complaint rate for local/limited radial and express routes, but a significantly lower rate for circulator routes.

## CONTRACTORS' COMPLIANCE

### Compliance with Terms of Contracts

The contractors' compliance with the terms of their contracts was measured in two ways:

- Service delivery: In the total analysis period through June 1990, the contractors delivered in excess of 99.8 percent of scheduled revenue hours.
- Liquidated damages: 495 liquidated damage incidents were initiated by RTD, of which 288 were eventually assessed. There was a broad range in the level of compliance among the three contractors using this measure.

RTD's management experience goes beyond the quantitative descriptions, however. From RTD management's perspective, one contractor has had relatively few problems and has generally been receptive to recommendations for improvement from RTD management. Another contractor, after experiencing significant problems during start-up and initial revenue service, applied increased corporate and local management oversight to resolve its operational problems and currently is operating with only minor, routine problems. Concerns have been raised as to whether the third contractor has had an adequate level of management and supervision.

### Cost of Compliance

As noted above, the contractors incurred start-up and leasehold improvement costs of approximately $1.6 million.

The liquidated damages assessed to the contractors resulted from failure to provide service, provision of poor quality service, and other operational problems. Through June 30, 1990, liquidated damages resulted in a total cost of $27,625 to the contractors. This amounts to less than 0.3 percent of total contractor expenses.

## RTD MANAGEMENT OF PRIVATIZATION PROCESS

### Internal Procedures, Policies, and Financial Controls in the Implementation of SB 164

RTD structured a comprehensive technical evaluation process to qualify contractors. This evaluation addressed:

- Experience/qualifications/safety (40 percent of the evaluation score)
- Understanding/approach and organization for implementation (30 percent of the evaluation score)
- Financial responsibility (30 percent of the evaluation score)

RTD pursued several management approaches to monitor contract compliance and to control the safety and quality of service provided:

- Review of contractor instructor qualifications
- Weekly contractors meetings
- Street supervision
- On-site inspection of contractors' facilities and equipment
- Follow-up on customer complaints

In addition, RTD established several types of financial controls in its administration of the contracts:

- Review of daily service provision reports submitted by the contractors
- Review of daily fare revenue reports obtained from electronic fareboxes and review of contractor bank deposit receipts

During the course of the privatization effort, particularly during start-up activities and the initial weeks of operation of each

group of service, RTD management intensively oversaw the contractors' activities. While not actually "running the buses for them", RTD management made suggestions for improvements and even assigned RTD supervisors to work with the contractors during the initial operating period.

## Effectiveness and Efficiency of the Implementation of the Requirements of SB 164

Privatization of a segment of an existing public transportation network is a complex process. Conflicting goals of minimizing public subsidy and maintaining high service quality make it difficult to integrate outside operators into an existing operation.

RTD efficiently implemented privatization. As described above, privatization will result in a long-term savings to RTD. Further, RTD enhanced its income and minimized its net costs through leasing of buses and the Longmont facility, consolidating operating divisions, and more efficiently utilizing its bus operators through new provisions in its current union contract. At the same time, RTD has experienced a short-term net cost, due to extensive efforts necessary to initiate the privatization effort and underutilization of hourly labor resulting from the labor protection provisions of SB 164.

Effectiveness addresses ridership and quality of service. Ridership measurement was avoided as an evaluation measure because of the inability to account for external variables such as significant changes in employment along a route, traffic conditions, and changes in parallel transit service. The quality of service measures indicate that after initial start-up problems, service quality has been largely stable or improved.

## Cooperation Between RTD and the Contractors

Cooperation between RTD and the contractors was critical to the success of the privatization effort. RTD's approach was to deal with the contractors in a professional manner, explicitly recognizing the contractors' objective of operating profitable service. At the same time, RTD expected the contractors to deliver safe, first class service with limited direct operational assistance from RTD.

The contractors were generally satisfied with the professionalism of the RTD staff. Early operational problems did result in antagonistic attitudes by some RTD staff, but as contractor performance improved this attitude faded. The contractors characterized the RTD staff as "tough, but fair".

## CONCLUSIONS AND RECOMMENDATIONS

From the time that the privatization issue was first addressed by the General Assembly, RTD recognized that the success of the privatization effort would be the direct result of a cooperative relationship between RTD and the private sector. Further, both the RTD Board and senior management recognized the need to meet all of the requirements of the Bill, both in terms of the spirit and the letter of the law.

RTD faced the challenge of maintaining a balance between providing the contractors the opportunity to run their own businesses effectively and profitably and protecting the public's interest through preserving safe and reliable service. RTD has attempted to accomplish this through:

- Selecting contractor's qualified on the basis of previous operating experience, understanding of the Denver situation and approach for organizing the implementation of privatized service, and sufficient financial capacity

- Providing incentives to the contractors through retention of 100 percent of fare revenues collected
- Penalizing the contractors through assessment of liquidated damages for non-compliance of specific contract articles related to service provision and service quality.

The problem with this approach is twofold. First is the temptation for RTD to impose its own expectations as to how the contractors should manage their businesses. While RTD was quite properly concerned about the adequacy of training and the level of street supervision during the initial months of privatization, the initial mobilization problems faced by the contractors were eventually overcome.

Second, the incentive/penalty provisions had limited financial impact, address some performance measures over which the contractors have little control, and result, in some cases, from inconsistent observations of performance.

Once contractors have successfully mobilized and have achieved a stable level of safe and high quality service, RTD's objective in monitoring contractor performance should be to focus oversight on a set of consistently applied measures, tied to specified performance goals.

By adhering to an oversight program that addresses service safety and quality rather than contractor management of their own operations, RTD will both assure that the public's interests are protected and avoid the tendency to focus on the mechanics of service delivery rather than on the results.

## SUMMARY

RTD met both the spirit and the letter of the law in the implementation of the privatization initiative. RTD has successfully contracted out 20 percent of its service in an efficient and effective manner.

RTD has demonstrated that it can successfully implement privatized services and oversee initial operations by the contractors. Future contracts may provide RTD the opportunity to shift the focus of its attention from the contractors' management of their services to the contractors' actual performance. This can be accomplished through incentive/penalty provisions tied to the attainment of meaningful, realistically measured and obtainable, and consistently applied performance standards. Incentives and penalties should be established at dollar amounts that would encourage contractors to perform well. Such an approach would be appropriate once a contractor has successfully mobilized and achieved a stable level of safe and quality service.

RTD's experience to date indicates that, for low productivity routes, transit service contracted to the private sector can result, in lower long-term public subsidy than service provided directly by RTD. In the short-term, however, there were real costs to RTD during the initiation of privatized services in contract administration and operational oversight, and mandated consultant studies. Further, despite careful selection of potential contractors, and intensive oversight, some contractors experienced severe start-up problems and quality of service suffered in the initial months of operation.

Finally, it should be noted that operating losses by the current contractors and uncertainty regarding economic conditions may lead to higher proposed prices from both the current contractors, who may wish to operate their Denver projects profitability, or from new contractors, who may wish to minimize risk given the experience of the current contractors.

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# I. INTRODUCTION

## PURPOSE OF THIS REPORT

This report documents the performance of the Regional Transportation District (RTD) in its implementation of the provisions of Colorado Revised Statutes 32-9-119.5, as amended, specifically the provisions of Senate Bill 164 of 1988 and Senate Bill 8 of 1990 (hereinafter referred to as SB 164), and the resulting performance of the contractors selected by RTD to provide transit service in the region. SB 164 required that RTD contract at least 20 percent of its service to qualified private businesses in negotiated contracts.

This report, which includes an Executive Summary, accompanied by a Technical Report, bound separately, fulfills the requirement of SB 164 that RTD contract with an independent certified public accounting firm for a neutral and unbiased performance audit. Specifically, SB 164 required this performance audit to address:

- Comparison of RTD's cost had it operated the privatized routes with the costs it experienced when these routes were privatized
- Evaluation of the contractors' compliance with the terms of their contracts and the costs of such compliance
- Determination that RTD's in-house costs reflect both the full cost of operation and that the costs for a particular route represent a valid use of part-time operators not higher than the District-wide average.
- Determination that RTD's in-house costs are based on the latest Board approved budget

In addition, the contract between RTD and the independent certified public accounting firm called for the following additional issues to be addressed:

- Evaluation of internal procedures to implement SB 164
- Evaluation of the methods utilized to compare RTD and contractor costs
- Evaluation of the contractor's profitability
- Review of general policies and procedures and implementation of financial controls
- Opinion on the efficiency and effectiveness of the implementation of the requirements of SB 164
- Cooperation between RTD and the private providers
- Significant matters observed by the auditors but not recognized by RTD
- Deviations by District employees from codes of conduct and policies and procedures (if any)
- Ambiguities, contradictions, and other issues presented by SB 164
- Recommendations concerning privatization procedures, monitoring of contractors, or cost allocations

## OVERVIEW OF RTD IMPLEMENTATION OF SB 164

SB 164 was signed into Colorado law by Governor Romer on May 3, 1988. Beginning in the spring of 1988 RTD management initiated a process to solicit proposals from potential contractors to provide the privatized service.
To date, RTD has accomplished the following:

- Solicitation of Proposals:
  - Created a Peer Review Committee to obtain information from public and private transit operators regarding opportunities for privatization
  - Prepared a draft Request for Proposal (RFP) and Service Contract
  - Determined the fair market value of the Longmont facility to establish monthly lease amount
  - Prepared vehicle lease and facility lease agreements
  - Identified four groups of services, consisting of a total of 17 route packages, for privatization.
  - Board approved routes selected for privatization and authorized issuance of RFP
  - Issued RFPs for four groups of privatized service
  - Held pre-proposal meetings with interested contractors
  - Received proposals 45 days after release of RFP
- Selection of Contractors:
  - Reviewed, evaluated and made recommendations of contract awards
  - Board awarded contracts on the basis of staff recommendation
  - Negotiated contracts and vehicle and facility leases and assisted contractors in implementing service
- Pre-Revenue Service Activities:
  - Contractors initiated start-up activities (beginning approximately 60 days before revenue service)
  - Monitored and assisted contractors in start-up activities
  - Trained contractors regarding contractual reporting obligations
  - Initiated weekly progress meetings with the contractors
- Revenue Service Activities:
  - Contractors initiated revenue service (each group began on a Sunday, at the beginning of a new run board)
  - Monitored revenue service
  - Received monthly billings from contractors
  - Reviewed billings, deducted liquidated damages (as necessary), and paid contractors

## OVERVIEW OF PRIVATIZED SERVICES

Exhibits 1 and 2 summarize the services contracted out by RTD. Originally, RTD intended to issue RFPs for three groups of service, each consisting of approximately seven percent of RTD's service. Each group of service was composed of several smaller packages of individual routes. Proposals were solicited for each package. This approach was intended to provide opportunities for smaller potential contractors to propose. Revenue service for Groups I, II, and III began on June 11, September 3, December 10, 1989, respectively.

All responsive proposals for the regional routes originally included in Group II/Package C had a price higher than

EXHIBIT 1

## DETAILED DESCRIPTION OF RTD PRIVATIZED SERVICES

| Group/ Package | Contractor | Type of Service | Route #/Description | Day of Week Operated |
|---|---|---|---|---|
| I/ABCDE | Mayflower | Local/Limited Non-Radial | 17-Jefferson County | MTuWThF |
| | | | 56-South Holly Crosstown | MTuWThF |
| | | | 72-72nd Avenue Crosstown | MTuWThF |
| | | | 80-80th Avenue Crosstown | MTuWThF |
| | | | 92-92nd Avenue Crosstown | MTuWThF |
| | | | 100-Kipling Crosstown | MTuWThF |
| | | | 120-120th Avenue Crosstown | MTuWThF |
| | | | 125-Denver West Crosstown | MTuWThF |
| | | | 67-Littleton Coal Mine Crosstown | MTuWThFSa |
| | | | 200-Boulder/Downtown/Crossroads | MTuWThFSa |
| | | | 203N-Boulder/Baseline-North | MTuWThFSa |
| | | | 29-Centennial | SaSu |
| | | | 36-Fort Logan | SaSu |
| | | | 27-Yale Crosstown | 7 days |
| | | | 51-Sheridan Crosstown | 7 days |
| | | | 207-Boulder/Arapahoe | 7 days |
| | | Circulator | CCW(50)-Central Circ West (North Denver) | MTuWThF |
| | | | BRC-Broomfield Circulator | MTuWThF |
| II/ABD | Laidlaw | Local/Limited Radial | 14-West Florida | MTuWThFSa |
| | | | 19-West Jewell | MTuWThFSa |
| | | Local/Limited Non-Radial | 52-West 52nd Avenue | SaSu |
| | | | 65-Monaco Crosstown | SaSu |
| | | | 121-Peoria Crosstown | SaSu |
| | | | 24-University Crosstown | 7 Days |
| | | Express | 35X-East Hampden Express | MTuWThF |
| | | | 51X-North Sheridan Express | MTuWThF |
| | | | 53X-South Sheridan Express | MTuWThF |
| | | | 60X-Bowles Express | MTuWThF |
| | | | 67X-Coal Mine Express | MTuWThF |
| | | | 74X-Chatfield Express | MTuWThF |
| | | | 80X-West 80th Express | MTuWThF |
| | | | 87X-South Wadsworth Express | MTuWThF |
| | | | 88X-North Lowell Express | MTuWThF |
| | | | 93X-Green Mountain Express | MTuWThF |
| | | | 108X-Countryside Express | MTuWThF |
| | | | 119X-Union Express | MTuWThF |
| II/E | Mayflower | Local/Limited Non-Radial | 208-Boulder/Iris/Valmont | Sa |
| | | | 202-Boulder/Broadway | SaSu |
| | | | 203S-Boulder/Baseline-South | SaSu |
| | | | 204-Boulder/Table Mesa/Yarmouth | SaSu |
| | | | 205-Boulder/Gunbarrel | SaSu |
| | | | 206-Boulder/Manhattan/Eisenhower Crosstown | SaSu |
| | | | 209-Boulder 30th/Crosstown | SaSu |
| III/A | Mayflower | Handicapped | Denver Handyride | MTuWThF |
| III/BC | ATC | Local/Limited Non-Radial | LST-Longmont/School Trippers | MTuWThF |
| | | | 304-Longmont/Mountain View/East 5th | MTuWThFSa |
| | | | 305-Longmont/Alpine/Francis | MTuWThFSa |
| | | | 306-Longmont/Coltyer | MTuWThFSa |
| | | | 307-Longmont/Main | MTuWThFSa |
| | | | 308-Longmont/Main/Southmoor | MTuWThFSa |
| | | | 76-Wadsworth Crosstown | 7 Days |
| | | Handicapped | Boulder/Longmont Handyride | MTuWThF |
| IV/C | Mayflower | Local/Limited Non-Radial | 52-West 52nd Avenue | MTuWThF |

EXHIBIT 2

**CONTRACTOR PRICES, FARE REVENUES, HOURS OF SERVICE, AND COST PER HOUR COMPARISON OF RTD PRIVATIZED SERVICE**

| | Private Operator | Start of Service Date | 5-Year Contract Amount ($ Millions) | 5-Year Retained Fare Revenues ($ Millions) | 5-Year RTD Fully Alloc Cost ($ Millions) | Contractor Revenue Hours: Annual Hours | Contractor Revenue Hours: as % of Tot RTD Rev-Hrs | Equivalent RTD Platform Hrs: Annual Hours | Equivalent RTD Platform Hrs: as % of Tot RTD Plat-Hrs | Contractor Tot Cost to RTD/ Revenue Hour | RTD Fully-Allocated Cost/ Revenue Hour |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Ref: | | | (1) | (2) | (3) | | (4) | | (5) | | |
| Group/ Package | | | | | | | | | | | |
| I/ABCDE | Mayflower | 06/30/89 | $18.408 | $2.625 | $45.098 | 137,121 | 8.18% | 150,268 | 8.12% | $30.68 | $65.78 |
| II/ABD | Laidlaw | 09/03/89 | $22.552 | $3.488 | $32.102 | 79,173 | 4.72% | 95,162 | 5.14% | $65.78 | $81.09 |
| II/E | Mayflower | 09/03/89 | $2.863 | $0.485 | $5.740 | 15,121 | 0.90% | 16,033 | 0.87% | $44.28 | $75.92 |
| III/A | Mayflower | 12/10/89 | $4.522 | $0.114 | $8.798 | 31,768 | 1.89% | 31,868 | 1.71% | $29.19 | $55.39 |
| III/BC | ATC | 12/10/89 | $13.623 | $1.494 | $20.272 | 62,344 | 3.72% | 67,558 | 3.65% | $48.49 | $65.03 |
| IV/C | Mayflower | 09/02/90 | $3.902 | $0.841 | $8.551 | 18,827 | 1.12% | 20,282 | 1.10% | $50.39 | $90.84 |
| Total | | | $65.871 | $9.048 | $120.561 | 344,354 | 20.53% | 380,971 | 20.59% | $43.51 | $70.02 |
| Five-Year Total Cost to RTD | | | | $74.919 | $120.561 | | | | | | |

References:

1) Based on contracts as revised. Original contract total = $63.168 million/328,920 annual revenue hours.
2) Based on recent RTD and contractor experience, annualized and adjusted for inflation.
   Total cost to RTD = Contract amount plus retained revenues.
3) Based on 1989 fully-allocated cost model, adjusted for recent and projected inflation. See Section of Final Report entitled "Cost Allocation Model" for description of the estimation methodology.
4) RTD systemwide revenue hours based on Dec 1989 runboard annualized to 1989 = 1,677,283 hours
   This represents hours of service in published timetables.
5) RTD systemwide platform hours based on Dec 1989 runboard annualized to 1989 = 1,850,224 hours
   This represents hours RTD bus operators are "behind the wheel" and excludes platform hours which RTD budgets but does not schedule in fixed-route service.

Dated 11/30/90

RTD's estimated in-house cost to provide the service. As a result, this service was not awarded. RTD elected to issue a fourth RFP to meet the requirement of SB 164 that at least 20 percent of the service be privatized. Group IV included three packages of regional routes and one package containing a local/limited non-radial route. Again, none of proposed prices for the regional service were less than RTD's in-house cost and none of these packages was awarded. The package containing the local/limited non-radial route was less than RTD's in-house cost and was awarded.

In order to avoid conflicting with the contract administration and operational oversight of the start-up and initial operations of the Groups II and III service, RTD delayed the issuance of the Group IV RFP by several months and delayed initiation of revenue service for Group IV until September 2, 1990.

Privatized services were provided by the following contractors:

- Mayflower Contract Services, Inc. (Mayflower):
  - Group I/Packages ABCDE
  - Group II/Package E
  - Group III/Package A
  - Group IV/Package C
- Laidlaw Transit, Inc. (Laidlaw):
  - Group II/Packages ABD
- American Transit Corporation (ATC):
  - Group III/Packages BC

## PERIOD OF ANALYSIS

SB 164 called for RTD to submit its report to the General Assembly by December 1, 1990. The period of evaluation in this study ended on June 30, 1990. The evaluation period included slightly more than a full year of Group I service, nearly 10 months of Group II service, and more than 6 months of Group III service. Group IV revenue had not yet commenced during the evaluation period.

Thus, while 20.5 percent of RTD's service was contracted out (in terms of annualized revenue hours), only the performance of Groups I, II, and III (amounting to 19.4 percent of RTD's service, on an annualized basis) was evaluated in this report. Various management issues that have evolved since July 1990, however, are addressed in the report.

## ORGANIZATION OF THIS REPORT

Due to the complexity of the operational, management, and financial issues involved, the success or failure of RTD's privatization effort cannot be summarized or reduced to a simple numerical or quantitative value. In the sections below, findings are discussed for the following major issues:

- Cost of service
- Safety and quality of service
- Contractors' compliance
- RTD management of privatization effort

This is followed by a discussion of conclusions, recommendations, and summary observations regarding the implementation of SB 164 by RTD.

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# II. COST OF SERVICE

## INTRODUCTION

The following cost analyses were performed:

- Comparison of RTD's in-house cost of providing transit service on the privatized routes with the net cost to RTD of privatization: RTD's in-house costs were based on long-term, fully-allocated and short-term, incremental cost analyses of the routes privatized. The net cost to RTD of privatization included contractor invoices, retained fare revenues, RTD labor costs to implement and monitor privatization, initial underutilized manpower and fixed assets costs, and lease income.

- Analysis of contractors' actual costs and profitability: This analysis combined and reclassified the contractors' actual costs in a format comparable to RTD's cost structure.

## COMPARISON OF RTD'S NET IN-HOUSE COSTS OF PROVIDING TRANSIT SERVICE ON THE PRIVATIZED ROUTES WITH THE NET COST TO RTD OF PRIVATIZATION

### Structure of the Analysis

The cost comparison involved two alternative approaches, in order provide a realistic range in which the eventual fiscal results of privatization will likely reside. This was accomplished through the estimation of long-term, fully-allocated costs and short-term incremental (or "cash basis") costs.

Structuring the cost analyses involved several considerations. It was assumed that the price of privatized services would remain relatively stable (allowing for annual contract unit price adjustments). Based on the trend in proposals for the initial groups of service, however, there are strong indications that proposed prices will increase in the future. The operating losses experienced by the contractors, as described below, further support this conclusion.

The labor protection provisions of SB 164 initially precluded RTD from optimizing the utilization of the most costly component of its direct costs. This and other transitional fiscal impacts suggested the desirability of considering a stable year of operation in addition to the full five-year term of the contracts.

### Long-Term, Fully-Allocated Cost Analysis

Fully-allocated cost analyses implicitly assume that all costs are directly related to the level of service provided. The interpretation of long-term savings, as projected in a fully-allocated cost analysis, must be made in the following context:

- RTD's indirect "Category 1" costs are influenced more by Board and Federal policy, organizational structure, and fixed capital plant than by service levels. The fully-allocated cost model assumes that such costs are directly related to the quantity of service provided, and thus projects pro rata savings. The likelihood of this occurring is remote. Savings in administrative functions are dependent more on management initiatives and Board policy than on service levels.

- Long-term financial forecasts, and the fully-allocated cost projections upon which they are based, are an economic concept which imply that RTD has the ability to modify the

infrastructure that was assembled to operate the pre-privatized service. This includes a large administrative staff and large discrete fixed assets (e.g., garages) that may be less efficiently deployed as a result of reducing directly operated service.

Long-term, fully-allocated cost analyses may, therefore, provide an upper boundary of projected financial impacts.

### Short-Term, Incremental Cost Analysis

While the fully-allocated cost approach was appropriate in determining long-term savings and whether to award contracts, a more appropriate approach for estimating the short-term financial implications of privatization is the incremental costing methodology. The purpose of incremental cost analysis is to identify near-term "bottom-line" effects of alternative management decisions, each resulting in alternative revenue and cost flows.

This approach was addressed in the analysis in two ways:

- Indirect operating costs: The fully-allocated analysis implied theoretical reduction in indirect costs of 20 percent, or proportionate to the quantity of service privatized. By contrast, the incremental analysis applied the actual and forecasted reductions in such costs identified in the RTD proposed amended 1990 and recommended 1991 budgets. These budgets reflect the actual costs reductions achieved by RTD subsequent to privatization.

- Depreciation costs: The incremental analysis does not address the sunk capital-related costs for depreciation decisions.

Short-term, incremental cost analyses may, therefore, provide a lower boundary of projected financial impacts.

### Projection of Fiscal Impacts Had RTD Directly Operated Privatized Transit Service

U.S. Urban Mass Transportation Administration (UMTA) guidelines explicitly, and SB 164 implicitly, required RTD to use a fully-allocated costing methodology for determining RTD's in-house costs for each route it operates. RTD developed a state-of-the-art cost allocation model which addressed differences in unit cost associated with the different types of service that RTD operated. This was accomplished by distinguishing labor productivity and other unit cost factors for peak and off-peak service, different types of buses, and different RTD bus garages. It was thus possible to apply the model at the route-level and develop reasonable estimates of the cost for each group of service that was privatized.

For the purposes of comparisons of RTD's net in-house cost with the net cost to RTD of privatization, the cost allocation model did not include the costs of "retained functions". These include various operations and administrative functions, that RTD continued to provide regardless of whether or not it operated the routes to be privatized. Many of these functions represent system-wide responsibilities which could not be economically privatized or which RTD was specifically mandated to perform:

- Board Office
- Legal Counsel: Litigation/Real Estate and Property Management
- Security/Mall Stations
- Materials Management: privatization contract administrator
- Marketing (entire department)

- Controller: Revenue Collection/ Passes & Tokens, Commercial Advertising, Grants Administration, Ridership Reporting
- Administration: Print Production Management (portion), Janitorial Services (mall stations)
- Planning & Development: System Planning, Service Planning, Service Monitoring
- Bus Operations: Transportation Services/Dispatchers, Facilities Maintenance/Public Facilities and Transfer Facilities (including the maintenance of 10,000 bus stops, 415 bus shelters, 45 park-and-ride lots, the Market Street and Civic Center Stations, and the 16th Street Mall), and operation of the 16th Street Mall Shuttle (peak period only)

These retained function costs represent $9.9 million, or approximately 9.8 percent of the adopted 1989 RTD operating budget.

In addition, the cost allocation model excluded from the analysis various capital project-related expenses including:

- Legal Counsel: Litigation/ Construction Claims Management
- Controller: Interest
- Planning & Development: Design & Construction Administration, Transitway Technical Analysis, Construction Quality & Cost Control, Southwest Corridor, Rapid Transit Program

These excluded function costs represent $5.6 million, or 5.5 percent of the adopted 1989 RTD operating budget.

The cost allocation model classified costs according to the RTD chart of accounts, distinguishing between "Category 1" administrative costs and "Category 2" costs, largely associated with the transportation and maintenance functions. The costs of operating capital were allocated on the basis of fixed asset depreciation costs. The 1989 and 1990 estimates were based on budgeted costs, adjusted for actual cost experience. The inflation rate for cost projections was based on a weighted average of inflation rates for labor and selected commodities prepared by the Colorado Bureau for Economic Forecasting.

The cost allocation model was based on the most recently available RTD internal cost data, just prior to the initiation of privatized service. This included the current year operating budget and the most recent 12 months of labor productivity data for bus operators and mechanics and unit costs for parts and fuel. The model was initially validated and adjusted to replicate the 1989 budget, the year in which the privatization effort began.

SB 164 required the determination as to

> "... whether the District's costs for a particular route are based on a higher part-time driver labor cost percentage on the route than part-time drivers represent as a percentage of all district bus driver costs."

The concern here was that RTD should not base its estimate of the in-house cost of the routes to be privatized on the assumption that such routes would be unrealistically manned with part-time operators.

The fully-allocated cost model estimated costs on the basis of the average labor productivity and wage rates for each RTD bus garage, regardless of the type of route operated. The mix of part-time and full-time operators at each garage was assumed to occur evenly for each route operating out of that garage.

The cost allocation model was used to project both long-term, fully-allocated and short-term, incremental cost impacts.

**Fiscal Impacts Resulting from RTD Contracting Transit Services**

The following fiscal impacts resulted subsequent to privatization:

- Gross Contractor Cost to RTD:
  - Invoice costs: The contracts specified the amounts to be paid for each unit of service provided, for each year of the five-year term of the contracts.
  - Retained fare revenues: These are revenues retained by the contractors, which were previously received by RTD. It was assumed that had RTD continued to receive the fares, the proposed prices would have been higher (by the amount of the fare revenues). Thus, these retained revenues were interpreted as a cost to RTD.
- RTD labor charged costs to privatization: This included both "one-time" costs associated with initiation of privatization (spread out over the three-year base term of the contracts) and estimated recurring costs for contract administration and operational oversight.
- Consultant costs: This included the costs resulting directly from the provisions of SB 164, including this performance audit, the development of the cost allocation model, and a study of privatization of RTD management.
- RTD underutilized labor costs: This included a projection of wages and fringe benefits for underutilized operators, mechanics, and servicers resulting from the labor protection provisions of SB 164. These projected costs reflect adjustments for wage increases and more efficient utilization of bus operators permitted under the current union contract and for attrition.
- RTD underutilized fixed assets costs: This included an allocation of the costs of underutilized RTD facilities. By choosing to lease buses, RTD has efficiently managed the size of its bus fleet and, in fact, has been able to maintain its spare ratio (total active buses/peak buses - 1) at the UMTA-mandated ratio of 20 percent. Future bus acquisitions are planned to either replace buses to be retired or to provide for service expansion.
- Lease Income: This included revenue generated by leasing RTD buses and the Longmont facility.

**Results of Analyses**

The comparison of fiscal impacts of RTD directly operated versus contracted transit services was performed on both a fully-allocated and an incremental basis.

**Fully-Allocated Cost Analysis**

Exhibit 3 compares the fiscal impacts of RTD directly operated versus contracted service, computed on a fully-allocated basis. This analysis was structured to determine the dollar difference between the modeled fully-allocated cost, had RTD directly operated privatized services, and the fiscal impacts resulting from RTD contracting service. This dollar difference was then compared with the fully-allocated in-house cost to determine the percentage savings.

The analysis includes the following impacts:

- Projected fiscal impacts had RTD directly operated privatized transit services: This included the results of the fully-allocated cost model:
  - Category 1 (indirect) operating costs
  - Category 2 (direct) operating costs
  - Depreciation costs

- Fiscal impacts resulting from RTD contracting transit services:
  - Gross contractor cost to RTD
  - Lease income
  - RTD labor costs charged to privatization
  - Consultant costs
  - Underutilized labor costs
  - Underutilized fixed assets costs

Two analyses, consistent with the above discussion, were performed:

- Cumulative costs over five-year contract-term: This analysis addressed the cost savings that will result over the full five-year term of the contracts. The analysis projected a five-year savings resulting from privatization, on a fully-allocated basis, of $29.347 million, or 24.5 percent of RTD's in-house cost.

- Stable year costs: This analysis focused on 1993, the last full-year in which all the contracts will be in effect (assuming that RTD exercises the options). This analysis assumed that all transitional financial impacts associated with implementation of the privatization process (e.g., amortized non-recurring RTD labor costs for contract administration and operational oversight, consultant costs, underutilized RTD labor, and bus lease income) diminish to zero. This analysis determined a stable year savings resulting from privatization, on a fully-allocated basis, of $6.949 million, or 27.5 percent of RTD's in-house cost.

## Incremental Cost Analysis

Exhibit 4 compares the fiscal impact of RTD directly operated versus contracted service, computed on an incremental basis. This comparison is structured somewhat differently than the fully-allocated analysis in Exhibit 3. The analysis determined the net fiscal impacts on an incremental (or "cash") basis and then compared these impacts with the modeled Category 1 and Category 2 operating costs derived from the fully-allocated cost model. The net fiscal impacts were determined by summing favorable and unfavorable impacts resulting from privatization:

- Favorable impacts resulting from privatization:
  - Lease Income: This included the income resulting from leasing RTD buses and the Longmont facility.
  - RTD cost reduction: RTD realized actual cost reductions subsequent to privatization. This included the actual/forecast reductions in Category 1 indirect costs (which were lower than the fully-allocated projections). It also included reductions in Category 2 transportation and maintenance costs, adjusted for the adverse manpower utilization impacts of the labor protection provisions of SB 164 and efficiencies in manpower utilization achieved through recent changes in RTD's labor agreement.

- Unfavorable impacts resulting from privatization:
  - Gross contractor cost to RTD
  - RTD labor costs charged to privatization
  - Consultant costs

The net fiscal impacts were compared to the modeled RTD in-house operating costs. Only Category 1 (indirect) and Category 2 (direct) operating costs were considered. The incremental analysis did not address depreciation costs since these were sunk costs, expended prior to the privatization effort.

EXHIBIT 3

## COMPARISON OF FISCAL IMPACTS OF RTD DIRECTLY OPERATED VERSUS CONTRACTED TRANSIT SERVICES COMPUTED ON A FULLY-ALLOCATED BASIS ($ Millions)

| Cost/Revenue Item | Ref | 5-Year Cumulative 1 | Stable Year 2 |
|---|---|---|---|
| PROJECTED FISCAL IMPACTS HAD RTD DIRECTLY OPERATED PRIVATIZED TRANSIT SERVICES | | | |
| Operating Cost | 3 | | |
| Category 1 (Indirect) | 4 | $12.765 | $2.715 |
| Category 2 (Direct) | 5 | $94.015 | $19.991 |
| Depreciation | 6 | $12.870 | $2.574 |
| TOTAL | | $119.650 | $25.280 |
| FISCAL IMPACTS RESULTING FROM RTD CONTRACTING TRANSIT SERVICES | | | |
| Contractor Cost to RTD | | | |
| Contractor Invoices | 7 | $65.871 | $13.757 |
| Retained Fare Revenue | 8 | $9.044 | $1.948 |
| Gross Contractor Cost to RTD | | $74.915 | $15.706 |
| Lease Income | 9 | | |
| Buses | | ($6.510) | |
| Facilities | | ($0.660) | ($0.132) |
| RTD Labor Costs Charged to Privatization | 10 | | |
| Recurring | | $5.415 | $1.120 |
| Amortized Non-Recurring | | $0.341 | |
| Amortized Consultant Costs Resulting from Privatization | 11 | $0.279 | |
| Excess Capacity | | | |
| Underutilized Hourly Labor | 12 | | |
| Operators | | $2.725 | |
| Mechanics | | $3.637 | |
| Servicers & Cleaners | | $1.971 | |
| Underutilized Fixed Assets | 13 | $8.190 | $1.638 |
| TOTAL | | $90.303 | $18.331 |
| SAVINGS (COSTS) RESULTING FROM PRIVATIZATION | | $29.347 | $6.949 |
| | | 24.5% | 27.5% |

Dated 12/13/90

References:

1) Cumulative analysis covers the periods of the Groups I, II, III, and IV contracts.

2) Stable year analysis represents a full year of current contracts (1993), assuming RTD costs and contractor pricing remains constant, less transitional fiscal impacts which diminish to zero (e.g., costs associated with initiation of privatization, consultant studies, and underutilized RTD labor and lease income).

3) Based on projections derived from a cost allocation model structured in conformance with requirements of SB 164 and UMTA policy. The model is based on 1989 RTD operating budget. Projections are based on actual inflation through June 1990 and projected increases in local cost of living and commodity prices. Does not include retained and excluded functions.

[References continued on next page]

EXHIBIT 3 (Continued)
**COMPARISON OF FISCAL IMPACTS OF RTD DIRECTLY OPERATED VERSUS CONTRACTED TRANSIT SERVICES COMPUTED ON A FULLY-ALLOCATED BASIS ($ Millions)**

References (Continued):

4) Category 1 costs are not directly related to service levels.
5) Category 2 costs primarily include transportation and maintenance costs which are highly dependent upon level of service provided.
6) Reflects pro rata share of capital assets used to provide transit services.
7) Cumulative and stable year contractor invoices based on contract amounts. Value through 6/30/90 is less than contract amount because of adjustments for liquidated damages and services not delivered. The RTD Board has authorized the expenditure of liquidated damages income for increased contractor oversight.
8) Based on most recent RTD and contractor experience and projected for future years based on existing RTD Board policy. Revenues retained by contractors represent a cost to RTD.
9) Based on rental rate provisions of leases of buses and Longmont facility. Because bus lease income is derived from assets of short economic life, it is assumed to diminish to zero in the stable year analysis.
10) Labor costs charged to privatization separate recurring costs (based on annualized level of bi-weekly costs in August 1990) and non-recurring costs (including pre-implementation and post-implementation costs above the August 1990 bi-weekly level). Recurring costs are assumed to increase at the rate of inflation each year in the cumulative and stable year analyses; non-recurring costs are amortized over a three-year period.
11) Includes development of fully-allocated cost model, study of privatization of RTD management, and privatization performance audit. Amortized over a three-year period.
12) Results of labor protection provisions of SB 164, adjusted for wage increases and more efficient utilization of RTD hourly employees permitted in current union contract.
13) Reflects underutilization of RTD facilities and equipment acquired in anticipation of RTD directly operating a larger amount of service.

EXHIBIT 4

## COMPARISON OF FISCAL IMPACTS OF RTD DIRECTLY OPERATED VERSUS CONTRACTED TRANSIT SERVICES COMPUTED ON AN INCREMENTAL BASIS

($ Millions)

| Cost Line Item | Ref | 5-Year Cumulative 1,2 | Stable Year 3 | Through 6/30/90 4 |
|---|---|---|---|---|
| ACTUAL/FORECASTED FISCAL IMPACTS | | | | |
| Favorable Impacts | | | | |
| Lease Income | 5 | | | |
| Buses | | $6.510 | $0.000 | $0.978 |
| Facilities | | $0.660 | $0.132 | $0.074 |
| RTD Cost Reduction | 6 | $89.639 | $20.545 | $10.145 |
| Total Favorable Impacts | | $96.809 | $20.677 | $11.197 |
| Unfavorable Impacts | | | | |
| Contractor Cost to RTD | | | | |
| Contractor Invoices | 7 | ($65.871) | ($13.757) | ($8.951) |
| Retained Fare Revenue | 8 | ($9.044) | ($1.948) | ($1.732) |
| Gross Contractor Cost to RTD | | ($74.915) | ($15.705) | ($10.683) |
| RTD Labor Costs Charged to Privatization | 9 | | | |
| Recurring | | ($5.415) | ($1.120) | ($0.902) |
| Non-Recurring | | ($0.341) | | ($0.341) |
| Consultant Costs Resulting from Privatization | 10 | ($0.279) | | ($0.279) |
| Total Unfavorable Impacts | | ($80.950) | ($16.825) | ($12.206) |
| Net Fiscal Impact | | $15.859 | $3.852 | ($1.009) |
| COMPARISON TO RTD IN-HOUSE OPERATING COST | 11 | | | |
| Category 1 (Indirect) | 12 | $12.765 | $2.715 | $5.825 |
| Category 2 (Direct) | 13 | $94.015 | $19.991 | $3.059 |
| TOTAL | | $106.780 | $22.706 | $13.884 |
| Percent Savings (Costs) Resulting From Privatization | | 14.9% | 17.0% | (7.3%) |

Issue 12/13/90

References:

1) Incremental costing approximates the impacts of cash flows whereby favorable results increase cash receipts or decrease cash disbursements and unfavorable results decrease cash receipts or increase cash disbursements.
2) Cumulative analysis covers the periods of the Groups I, II, III, and IV contracts.
3) Stable year analysis represents a full year of current contracts (1993), assuming RTD costs and contractor pricing remains constant, less transitional fiscal impacts which diminish to zero (e.g., costs associated with initiation of privatization, consultant studies, and underutilized RTD labor and lease income).
4) Includes actual RTD "out-of-pocket" expenses and revenues through June 30, 1990.
5) Based on rental rate provisions of leases of buses and Longmont facility. Because bus lease income is derived from assets of short economic life, it is assumed to diminish to zero in the stable year analysis.
6) Represents net in-house costs RTD eliminated as a result of privatizing transit services.
7) Cumulative and stable year contractor invoices based on contract amounts. Value through 6/30/90 is less than contract amount because of adjustments for liquidated damages and services not delivered. The RTD Board has authorized the expenditure of liquidated damages income for increased contractor oversight.
8) Based on most recent RTD and contractor experience and projected for future years based on existing RTD Board policy. Revenues retained by contractors represent a cost to RTD.

[References continued on next page]

EXHIBIT 4 (Continued)
**COMPARISON OF FISCAL IMPACTS OF RTD DIRECTLY OPERATED VERSUS CONTRACTED TRANSIT SERVICES COMPUTED ON AN INCREMENTAL BASIS ($ Millions)**

References (Continued):

9) Labor costs charged to privatization separate recurring costs (based on annualized level of bi-weekly costs in August 1990) and non-recurring costs (including pre-implementation and post-implementation costs above the August 1990 bi-weekly level). Recurring costs are assumed to increase at the rate of inflation each year. In the cumulative and stable year analyses, non-recurring costs are amortized over a 3-year period.
10) Includes development of fully-allocated cost model, study of privatization of RTD management, and a privatization performance audit. Amortized over a three-year period.
11) Based on projections derived from a cost allocation model structured in conformance with requirements of SB 164 and UMTA policy. The model is based on 1989 RTD operating budget. Projections are based on actual inflation through June 1990 and projected increases in local cost of living and commodity prices. Does not include retained and excluded functions.
12) Category 1 costs are largely unaffected by service levels.
13) Category 2 costs primarily include transportation and maintenance costs which are highly dependent upon the level of service provided.

Three analyses, were performed:

- Cumulative costs over five-year contract-term: This analysis addressed the cost savings that will result over the full five-year term of the contracts. This analysis projected a five-year net positive fiscal impact (or savings) resulting from privatization, on an incremental basis, of $15.859 million, or 14.85 percent of RTD's in-house cost.

- Stable year costs: This analysis focused on 1993, the last full-year in which all the contracts will be in effect (assuming that RTD exercises the options). As in the fully-allocated analysis, this analysis assumed that all transitional financial impacts associated with implementation of the privatization process. This analysis projected a stable year net positive fiscal impact (or savings) resulting from privatization, on an incremental basis, of $3.852 million, or 16.96 percent of RTD's in-house cost.

- Cash basis through June 30, 1990: This analysis focused on cost and revenue experience during the period through June 30, 1990 (the most recent quarter for which financial results were available). The net cost of privatization included actual revenues and costs on a cash (not amortized) basis. This analysis estimated a net negative fiscal impact (or cost) of privatization of $1.009 million, on an incremental basis, through June 30, 1990.

## ANALYSIS OF CONTRACTORS' ACTUAL COSTS AND PROFITABILITY

### Structure of the Analysis

Actual cost information was obtained from each of the contractors. This information was reviewed for both completeness and reasonableness. In order to preserve the confidentiality of proprietary information, this report presents only the sum of the costs for all three contractors.

Exhibit 5 summarizes the analysis of the contractors' actual costs and profitability. Because the chart of accounts and accounting basis varied among the contractors, actual costs were restated in a common structure similar to RTD's chart of accounts. This involved separating "Category 1" administrative costs from "Category 2" transportation and maintenance costs. In addition, capital-related costs were separated from operating costs. By reclassify the contractors' costs, protection of the confidentiality of proprietary information is further enhanced, although the ability to interpret the contractors' business strategy is somewhat diminished.

### Analysis of Profitability

This analysis determined that, with start-up and leasehold improvement costs amortized over a three-year period, the contractors lost approximately $217,000 out of total expenses of approximately $10.413 million or a loss of 2.1 percent. The contractors have indicated that they may have underestimated their projected costs, both for start-up and of revenue operations.

While the contractors have incurred a loss to date, each is an operational unit of larger corporations that have and may continue to fund relatively small local operating losses in individual operating units. Two of the contractors are actively pursuing other transit-related businesses in the Denver area. The privatized RTD services may effectively be a "loss-leader" which provided these contractors a "foot in the door" in the Denver market place.

Without knowledge of the overall business strategy of each contractor, which is subject to change, the financial performance of individual operating units of larger businesses may not give any indication of the future price strategy of each contractor.

EXHIBIT 5

## CONTRACTORS' ACTUAL COSTS AND PROFITABILITY AND COMPARISON TO RTD COST STRUCTURE

To Date Through June 30, 1990

($ Millions)

| | Contractors' Actual Experience | | | Comparison to RTD Expenses | |
|---|---|---|---|---|---|
| | Revenues & Expenses | % of Total Expenses | % of Operating Expenses | % of Total Expenses | % of Operating Expenses |
| REVENUE | | | | | |
| Fares | $1.208 | 11.8% | | | |
| Invoices | $8.951 | 87.8% | | | |
| Other | $0.039 | 0.4% | | | |
| Total Revenues | $10.196 | 100.0% | | | |
| EXPENSES | | | | | |
| Category 1-Type Expenses | | | | | |
| Admin Salaries & Fringes | $0.116 | 1.1% | 1.4% | | |
| Corporate Overhead/Fee | $0.193 | 1.9% | 2.4% | | |
| Insurance/Claims | $0.327 | 3.2% | 4.0% | | |
| Other Admin Expenses | $0.255 | 2.5% | 3.1% | | |
| Subtotal | $0.892 | 8.8% | 11.0% | 10.8% | 12.3% |
| Category 2-Type Expenses | | | | | |
| Operator Wages & Fringes | $3.760 | 37.0% | 46.3% | | |
| Veh Ops Salaries & Fringes | $0.501 | 4.9% | 6.2% | | |
| Mechanic Wages & Fringes | $0.740 | 7.3% | 9.1% | | |
| Maint Salaries & Fringes | $0.118 | 1.2% | 1.5% | | |
| Fuel | $0.627 | 6.2% | 7.7% | | |
| Tires | $0.142 | 1.4% | 1.7% | | |
| Parts & Supplies | $0.491 | 4.8% | 6.0% | | |
| Repairs & Other Maintenance | $0.181 | 1.8% | 2.2% | | |
| Local Fuel/Veh/Prop/Sales Tax | $0.469 | 4.6% | 5.8% | | |
| Other Operations Expenses | $0.208 | 2.0% | 2.6% | | |
| Subtotal | $7.236 | 71.2% | 89.0% | 77.0% | 87.7% |
| Capital Expenses | | | | | |
| Bus Lease | $1.222 | 12.0% | | | |
| Facility Lease/Rent | $0.260 | 2.6% | | | |
| Depreciation | $0.132 | 1.3% | | | |
| Amortized Start-Up | $0.332 | 3.3% | | | |
| Amortized Leasehold Improvements | $0.086 | 0.8% | | | |
| Subtotal | $2.032 | 20.0% | --- | 12.2% | --- |
| Total Expenses Less Interest | $10.160 | 100.0% | 100.0% | 100.0% | 100.0% |
| Interest | $0.254 | | | | |
| Total Expenses | $10.413 | | | | |
| PROFIT (LOSS) | ($0.217) | (2.1%) | | | |

Note:

1) Contractors' expenses reclassified to conform to RTD chart of accounts and to preserve confidentiality.

2) Start-up and leasehold improvement costs are amortized over a 3-year period.

3) Comparison to RTD expenses does not include retained and excluded functions.

It is not possible to predict the economic conditions which influence contractor business and pricing strategies. However, as shown in Exhibit 2, RTD has received an increasingly higher hourly rate in proposed prices subsequent to Group I. If the current contractors are selected for future additional service, the effect of the start-up costs might be moderated, but all proposers will probably have higher hourly rates than previously received by RTD. The reasons for this include:

- Initial operating losses: The cost data provided by the contractors and included in this analysis show they are losing money fulfilling the terms of their contracts.

- Higher labor costs: Proposers may have anticipated the availability of RTD employees. Firms that were awarded contracts in Groups II and III found that few of these employees were available. The result may have been higher than expected training costs.

  One of the contractors has recently received notice from the National Labor Relations Board that an election will be held regarding representation of hourly employees. This will likely result in higher labor costs for the contractor. Subsequent proposals from this contractor and other contractors may, as a result, have a higher unit price.

- Higher fuel costs: The Groups I through IV contracts do not include any escalator for diesel fuel costs. Such costs have increased significantly since the summer of 1990 and were not anticipated by the contractors. Fuel costs, however, are a relatively small proportion of the contractors actual costs (i.e., 6.2 percent). Further, the contractors have the opportunity to control these costs through bulk purchases and/or use financial instruments to hedge against future price increases. This could be accomplished by the large national firms, who have the opportunity to arrange fuel purchase contracts on a national level. Alternatively, the RTD contractors could pool their local fuel purchases.

- Higher vehicle costs: The Group I contractor has experienced increasing maintenance costs for its "school bus-type" buses. RTD realized significant savings from proposals based on such less expensive vehicles. These savings may not be repeated if future contractors propose only standard transit coaches.

## Detailed Cost Analyses

The following additional analyses were performed on the contractors' actual cost data:

- Start-up and leasehold improvement costs: The cumulative start-up costs of all three contractors was estimated at $1.6 million, or 2.4 percent of their proposed five-year base contract price.

- Local taxes: As profit making enterprises, the contractors were subject to state and local government fuel, licensing, property, and sales taxes to which RTD would not have been subjected. The result was an increase in revenue to the State of Colorado and local governments in the amount of approximately $469,000, or approximately 4.6 percent of the contractors actual costs.

- Compensation for bus operators: The contractors' average cost for wages and fringe benefits for bus operators was $14.10 per revenue hour. This compares RTD's estimated $23.21 per revenue hour (based on 1989 cost allocation model and December 1988 runboard revenue hours annualized to 1989). RTD's higher cost per hour is explained by higher wages, more

expensive fringe benefits, and less efficient utilization of hourly labor resulting from work rules in the RTD union contract.

Other pertinent findings resulting from the analysis of the contractors' actual costs include:

- Inflation: The contractors' assumed overall inflation rate in their prices was only 3.66 percent, compared to a long-term projection of RTD's expenses of 5 percent.

- Fare revenues: Some of the contractors experienced higher than anticipated farebox revenue, in part a result of RTD's new fare structure, which has partially offset the higher costs.

- Reasonableness: The actual cost information provided by the contractors appears to be an accurate representation of their costs of providing service. Wage and fringe benefits costs are in a reasonable range. The relative mix of administrative and transportation/ maintenance costs were comparable with RTD's cost structure (not including the costs of retained and excluded functions, described above).

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# III. SAFETY AND QUALITY OF SERVICE

## INTRODUCTION

The performance audit addressed the following measures:

- Safety
- On-time performance
- Maintenance reliability
- Complaints

Because of innerent differences in operating conditions (e.g., density of street traffic) and passenger loadings, the comparison of safety and quality of service between RTD and the contractors distinguished between several fundamental different types of bus services:

- Local/limited radial routes: These include local and limited routes operating largely on surface streets and either passing through or terminating in downtown Denver. Limited routes operate over the same streets as local routes, but make fewer stops. They operate primarily during the peak periods.
- Local/limited non-radial routes: These include local and limited routes operating largely on surface streets, but not entering downtown Denver. These routes, sometimes referred to as "crosstowns", generally encounter less congested streets.
- Express routes: These include routes between suburban park-and-ride lots and either the Market Street Station or the Civic Center Station in downtown Denver.
- Circulator routes: These include routes with relatively low passenger volumes and operating between primarily residential areas and nearby commercial areas. Circulator routes operate in Denver (two Central Circulator routes), Arvada, Aurora and Broomfield. The Central Circulator West (CCW) and Broomfield field Circulator (BRC) routes were privatized. After this study began, the Route CCW was reclassified as a local/limited radial route by RTD. It is considered a circulator route in this analysis.

In addition, the HandyRide service for handicapped passengers was contracted out. Because of significant changes in the operation of this service (e.g., revised eligibility and expanded service), direct comparisons of safety and quality of service were not possible. This service represented only 1.6 percent of total vehicle-hours.

Two other types of service were not specifically analyzed in this study:

- Regional routes: These include routes between outlying areas in the RTD service area. Since no qualified proposers submitted a price less than RTD's in-house cost of providing the service, RTD did not contract for this type of service.
- Mall shuttle: This is the service operated with specialized low-floor vehicles on the 16th Street Mall.

The safety and quality of service analysis had two perspectives:

- Retrospective: addressing overall contractor experience, focused on the total analysis period from contract initiation through June 1990
- Prospective: addressing future RTD management actions, focused on the April-June 1990 quarter which represented a stable period of operation for all contractors.

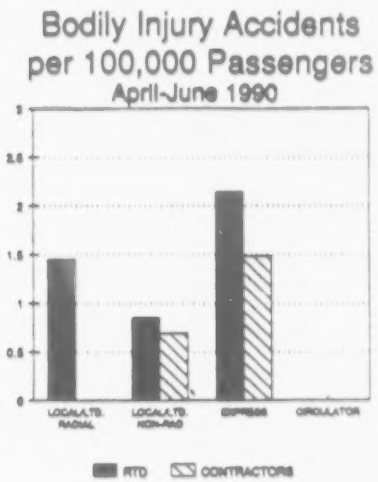
## SAFETY

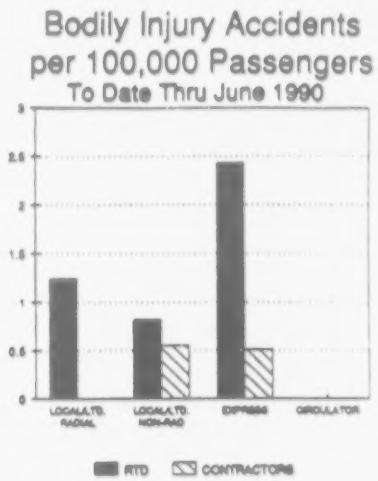
The results of the analysis are shown in Exhibit 6. The bodily injury accident rate was measured in terms of accidents per 100,000 passengers. The property damage accident rate was measured in terms of accidents per 100,000 vehicle-miles.

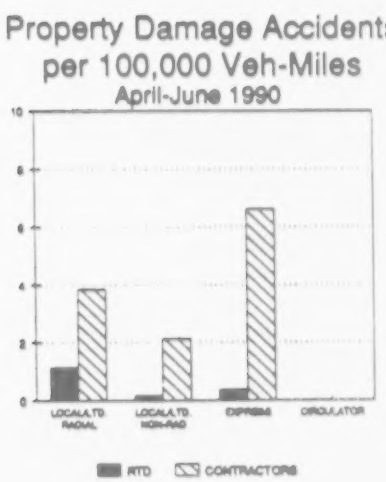
- Bodily injury accidents: In the April-June 1990 quarter and in the total analysis period through June 1990, the contractors' accident rates were lower than RTD's for local/limited radial and non-radial and express routes; neither RTD nor the contractors had bodily injury accidents on the circulator routes. During the total analysis period through June 1990, RTD had 455 bodily injury accidents and the contractors had 18.

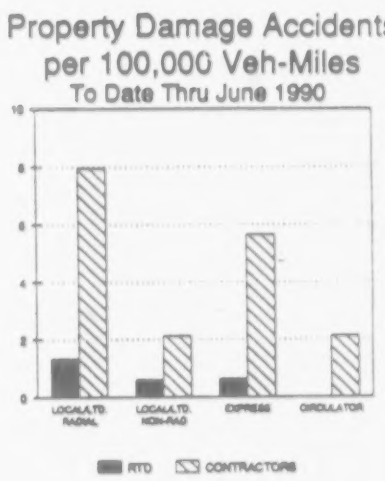
- Property damage accidents: The contractors had a higher rate than RTD for all types of service in both the April-June 1990 quarter in the total analysis period through June 1990. The contractors' accident rates were much higher during the initial months of operation for local/limited radial routes and circulator routes, resulting in higher rates in the total analysis period than in the April-June 1990 quarter. During the total analysis period through June 1990, RTD had 255 property damage accidents and the contractors had 168.

EXHIBIT 6
ACCIDENTS



## ON-TIME PERFORMANCE

The results of the analysis are shown in Exhibit 7. This measure addressed the conformance of bus arrival times to RTD schedule adherence standards. These standards define a bus as "on-time" if it arrives at time-points between one minutes earlier than scheduled and 5 minutes later than scheduled. Buses more than 5 minutes later than scheduled are defined as "late" and buses more than 1 minute earlier than scheduled are defined as "early".

On-time performance is measured by RTD traffic checkers at selected time-points for local/limited radial and non-radial and circulator routes. On-time performance of express routes is measured at the Market Street and Civic Center stations for all trips. Early arrivals of the express routes were ignored since passengers were not incovenienced.

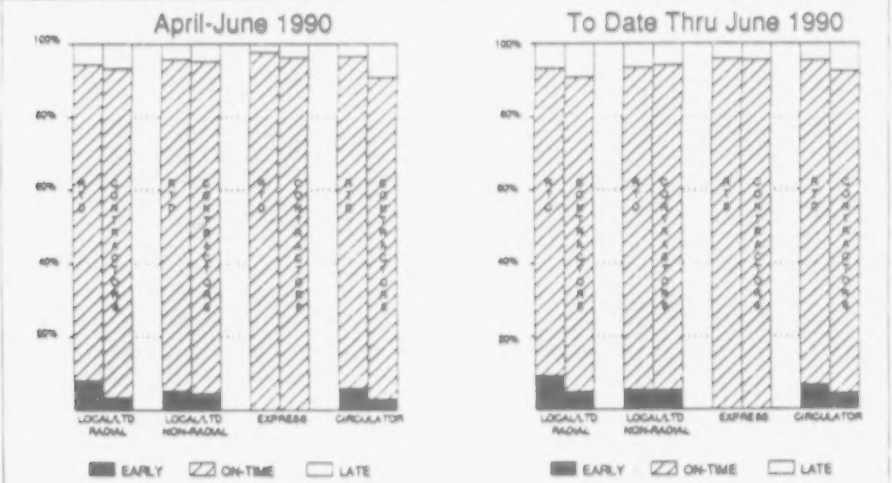
In the April-June 1990 quarter, the contractors' on-time performance was better than RTD's for local/limited radial routes, approximately the same for local/limited non-radial and express routes, and slightly worse for circulator routes. The contractors' were observed running late more often than RTD and running early less often than RTD.

The comparisons between RTD and the contractors was generally consistent for the April-June 1990 quarter and for the total analysis period through June 1990. The overall finding is that the contractors performed very well in terms of on-time performance.

EXHIBIT 7

ON-TIME PERFORMANCE

Percent of Observed Trips



## MAINTENANCE RELIABILITY

The results of the analysis are shown in Exhibits 8 and 9. This measure was based on the rate of vehicle-miles between mechanical roadcalls (as recorded by the RTD dispatch center). This included roadcalls due to mechanical failure or the need to replace a bus for mechanic reasons. It did not include roadcalls due to operator requests for a supervisor, accidents, passenger illness, or other emergencies.

During the April-June 1990 quarter, the contractors had an overall worse rate of roadcalls than RTD for all types of service. Miles between roadcalls declined for both RTD and the contractors over the total analysis period. The declining contractor value can be partially explained by the new vehicles operated by the Group I contractor, which experienced fewer in-service maintenance problems during the initial months of operation.

EXHIBIT 8
MAINTENANCE RELIABILITY, BY TYPE OF SERVICE
Miles Between Roadcalls

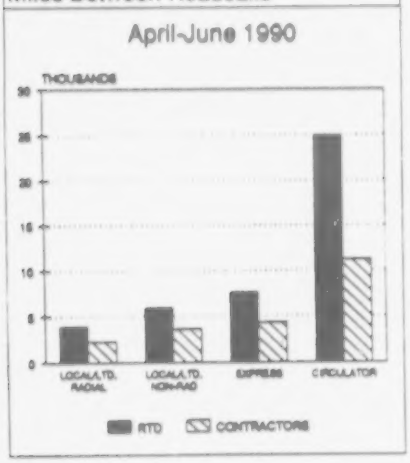



EXHIBIT 9
MAINTENANCE RELIABILITY, BY QUARTER

| Quarter | Miles Between Mechanical Roadcalls All Types of Service | |
|---|---|---|
| | RTD | Contractors |
| Jun-Sep 1989 | 6,120 | 8,575 |
| Oct-Dec 1989 | 5,255 | 5,629 |
| Jan-Mar 1990 | 4,817 | 4,182 |
| Apr-Jun 1990 | 4,513 | 3,538 |
| Total Through June 1990 | 5,174 | 4,665 |

## COMPLAINTS

The results of the analysis are shown in Exhibits 10, 11, and 12. Complaints were measured based on the rate of complaints received at RTD's Telephone Information Center (TIC) per 100,000 passengers. Complaint data was entered into a computerized data base that classified complaints by route, by type of complaint, and company name (RTD or the contractors).

The overall findings focused on operator performance, maintenance, and on-time performance:

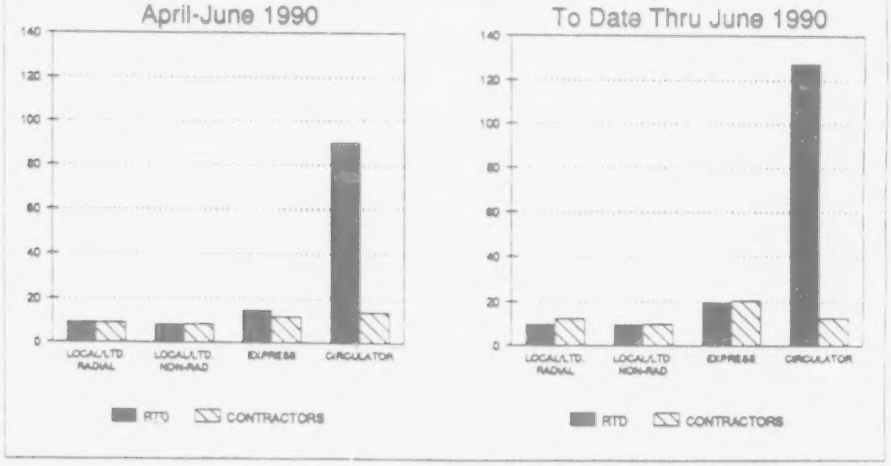
- Operator performance complaints: These findings are shown in Exhibit 10. These complaints included careless driving, driver discourtesy, driver not knowing the route, not calling stops, improper procedures (which included other, unclassified complaints), providing incorrect information to passengers, passing a bus stop, passing a passenger waiting for a bus, and causing a passenger to miss a transfer.

In both the April-June 1990 quarter and in the total analysis period through June 1990, the contractors performed about the same as RTD for local/limited radial and non-radial and express routes, but significantly better for circulator routes.

EXHIBIT 10

OPERATOR PERFORMANCE COMPLAINTS

Complaints per 100,000 Passengers



- Maintenance Complaints: These findings are shown in Exhibit 11. Maintenance complaints addressed problems with the mechanical condition and the cleanliness of the bus. Local/limited radial and non-radial route complaints were negligible for both RTD and the contractors. During the April-June 1990 quarter, complaints were slightly lower for the contractors' express routes and significantly higher for the contractors' circulator routes.

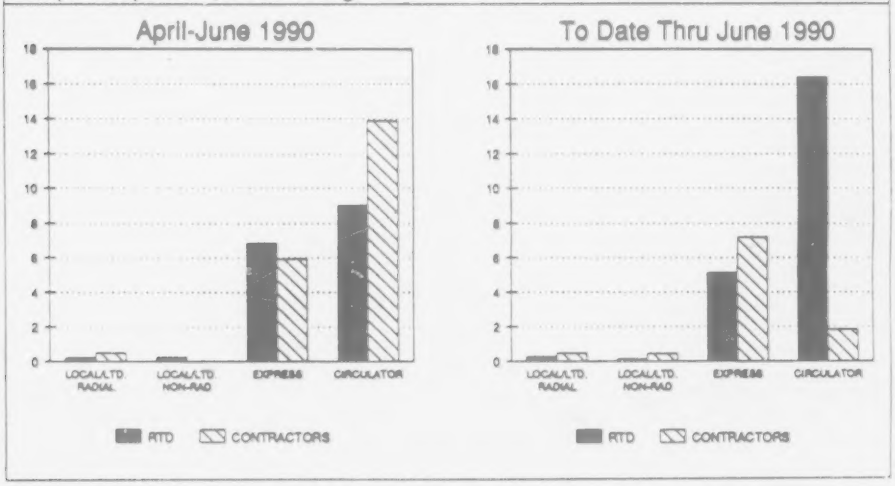
  In the total analysis period through June 1990, the contractors performed worse than RTD on the express routes but significantly better than RTD on the circulator routes.

  The variances between these findings and the maintenance roadcall analysis addressed above may be due to the limitations discussed below.

EXHIBIT 11

MAINTENANCE COMPLAINTS

Complaints per 100,000 Passengers



- On-Time Performance Complaints: These findings are shown in Exhibit 12. The contractors' "early" complaints were similar to RTD's rate for all types of service except circulator routes. In the April-June 1990 period, the contractors' circulator route complaint rate was significantly higher than RTD's. In the total analysis period through June 1990, the contractors' "early" complaint rate was significantly lower than RTD's for circulator routes.

  The "late" complaint findings contrasted with the "early" complaints. In the April-June 1990 quarter, the contractors were slightly higher than RTD's rate of "late" complaints for all types of service except for circulator routes, where the contractors had no complaints. In the total analysis period through June 1990, the contractors had a significantly higher "late" complaint rate than RTD for local/limited and express routes, a slightly higher rate for local/limited non-radial routes, and a significantly lower rate for circulator routes.

  In the April-June 1990 quarter the contractors had higher "no-show" complaint rates for local/limited radial and express routes, a slightly lower rate for local/limited non-radial routes, and a significantly lower complaint rate than RTD for circulator routes. The contractors' complaint rates were significantly higher over the total analysis period through June 1990 for local/limited radial and express routes, slightly higher for local/limited non-radial routes, and significantly lower for circulator routes.

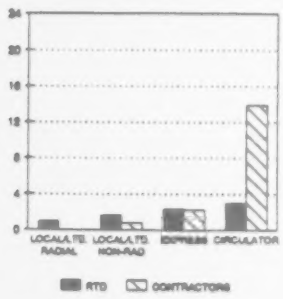
It should be noted that complaint data has significant limitations. Based solely on the volume of complaints received at the TIC, the data reflects none of the follow-up routinely given complaints by either RTD and the contractors. The validity of each complaint is not researched before it enters the data base. Further, none of the complaints received directly by the contractors (at their local offices) are included. The extent to which the complaint findings differ from the maintenance roadcall and observed on-time performance data described in sections above can be explained partially by these limitations.

EXHIBIT 12

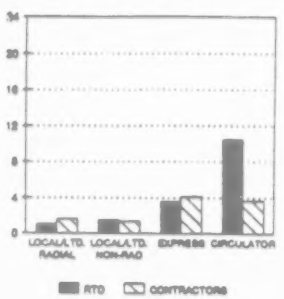
## ON-TIME PERFORMANCE COMPLAINTS

Complaints per 100,000 Passengers

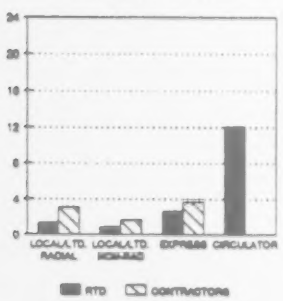
### Early Complaints
April-June 1990




### Early Complaints
To Date Thru June 1990




### Late Complaints
April-June 1990

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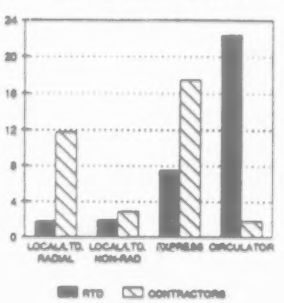
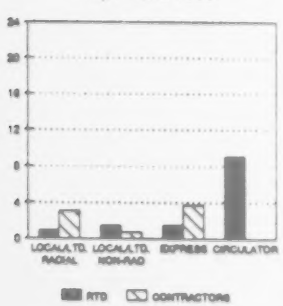
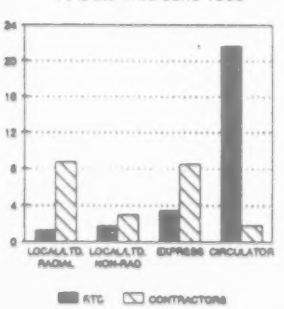
To Date Thru June 1990




### No-Show Complaints
April-June 1990




### No-Show Complaints
To Date Thru June 1990



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# IV. CONTRACTORS' COMPLIANCE

## INTRODUCTION

SB 164 required that RTD determine the contract compliance by the private providers and the cost of such compliance, including whether such costs will be recurring or reducible.

## CONTRACTORS' COMPLIANCE WITH TERMS OF CONTRACTS

RTD had two quantitative approaches to measure overall contractor compliance:

- Service delivery: RTD addressed service delivery through two gross measures, revenue hours and vehicle miles. In the total analysis period through June 1990, the contractors delivered in excess of 99.8 percent of scheduled revenue hours. This measure was based on daily service provision reports by the contractor and verified by electronic farebox data (for two contractors) and observation by RTD traffic checkers and street supervisors.

  The contractors were required to gather and report certain financial and non-financial data that they asserted was not necessary for the operation of their services. RTD, however, required this information so that it could discharge its reporting responsibilities to UMTA.

- Liquidated damages: The contracts included provision for RTD to assess liquidated damages in those cases of observed lack of compliance by the contractors. Exhibit 9 summarizes the number of liquidated damages incidents, by contract provision, initiated by RTD and eventually assessed in the total analysis period through June 30, 1990. A total of 495 liquidated damage incidents were initiated by RTD, of which 288 were eventually assessed. Overall, there was a broad range in the compliance among the three contractors.

  Most liquidated damages occurred during the initial months of service for each group of service. In general, the number of liquidated damages has been declining as contractors' operations have stabilized and they have come to understand and respond to RTD expectations regarding service quality.

RTD's experience goes beyond the quantitative descriptions described above, however. From RTD management's perspective, one contractor has had relatively few problems and has generally been receptive to recommendations for improvement from RTD management. Another contractor, after experiencing significant problems during start-up and initial revenue service, applied increased corporate and local management oversight to resolve its operational problems and currently is operating with only minor, routine problems. Concerns have been raised as to whether the third contractor has had an adequate level of management and supervision.

RTD transmitted cure notices to one of the contractors in the initial weeks of its revenue service. These notices addressed the contractor's failure to maintain its leased buses per the terms of the lease and the contractor's failure to meet RTD contract standards regarding the quality of service provided (e.g., failure to provide service and on-time performance). The cure notices were issued after the assessment of a large number of liquidated damages and after extensive discussion with the contractor's on-site manager and with corporate management. The contractor quickly responded to the cure notices and these notices have since been closed.



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## CONTRACTORS' COST OF COMPLIANCE

The contractors' incurred costs related to either complying with their contracts or as a result of being observed in non-compliance:

- Start-up and leasehold improvements: Non-recurring start-up and leasehold improvement costs amounted to $1.6 million, or 2.4 percent of the five year total contract price. By amortizing these costs over the initial three year term of the contracts, they amounted to $418,000 or 4.1 percent of total actual costs through June 30, 1990. These costs were the result of:
  - Training: This includes costs to hire and train bus operators, mechanics, cleaners, supervisors, and instructors.
  - Buses: Contractors operating their own vehicles were required to paint the buses to RTD's standards and install wheelchair lifts, emergency exits, and destination signs to meet RTD's specifications.
  - Facility preparation: The contractors acquired operating facilities which had to be converted to transit use. This included construction of office space; installation of shop equipment, ventilation, and lighting; and paving of storage areas. The Group III/Package B and C contractor leased RTD's existing Longmont facility, thereby limiting this expense somewhat.
- Liquidated damages: As shown in Exhibit 13, assessed liquidated damages resulted in a total cost of $27,625 to the contractors. This represented less than 0.3 percent of the contractors' total actual costs.

EXHIBIT 13
**LIQUIDATED DAMAGES**
To Date Through June 1990

| | Mayflower | | Laidlaw | | ATC | | Total |
|---|---|---|---|---|---|---|---|
| | Initiated | Assessed | Initiated | Assessed | Initiated | Assessed | Assessed |
| LIQUIDATED DAMAGES INCIDENTS | | | | | | | |
| Failure to Provide Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Missed Trip/1 Min Early/30 Min Late | 52 | 30 | 64 | 38 | 54 | 43 | 111 |
| Between 5 Min and 30 Min Late | 49 | 30 | 51 | 23 | 56 | 24 | 77 |
| Route Deviation | 6 | 4 | 15 | 7 | 6 | 3 | 14 |
| Non-Assigned Required Personnel | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Functioning Wheelchair Lift | 6 | 3 | 41 | 31 | 18 | 14 | 48 |
| Unclean Vehicle/Unrepaired Damage | 0 | 0 | 2 | 1 | 0 | 0 | 1 |
| Non-Functioning Heating/Cooling System | 0 | 0 | 9 | 4 | 3 | 0 | 4 |
| Driver Not In Presentable Uniform | 0 | 0 | 0 | 0 | 4 | 3 | 3 |
| Improper Vehicle Maintenance | 2 | 2 | 8 | 6 | 2 | 1 | 9 |
| Improper Destination Sign | 0 | 0 | 3 | 1 | 44 | 20 | 21 |
| Failure to Remove RTD Logo When Providing Other Than RTD-Contracted Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 115 | 69 | 193 | 111 | 187 | 108 | 288 |
| TOTAL ASSESSED INCIDENTS PER 100,000 VEHICLE-MILES | | 2.25 | | 6.79 | | 18.17 | 5.44 |
| TOTAL VALUE OF LIQUIDATED DAMAGES | | | | | | | |
| June-September 1989 | | $1,500 | | $2,020 | | --- | |
| October-December 1989 | | $2,500 | | $12,000 | | $1,975 | |
| January-March 1990 | | $800 | | $1,700 | | $3,350 | |
| April-June 1990 | | $500 | | $1,100 | | $2,400 | |
| Total | | $5,300 | | $16,820 | | $7,725 | $29,845 |

# V. RTD MANAGEMENT OF PRIVATIZATION PROCESS

## INTRODUCTION

The following discussion addresses several areas of RTD's management of the privatization process:

- Internal procedures, policies, and financial controls in the implementation of SB 164
- Effectiveness and efficiency of the implementation of the requirements of SB 164
- Cooperation between RTD and the contractors
- Significant matters observed by the auditors but not recognized by RTD
- Deviations by RTD employees from codes of conduct and policies and procedures
- Ambiguities, contradictions, and other issues presented by SB 164

## INTERNAL PROCEDURES, POLICIES, AND FINANCIAL CONTROLS IN THE IMPLEMENTATION OF SB 164

RTD structured a technical evaluation process to qualify contractors. This evaluation consisted of the following:

- Experience/Qualifications/Safety (40 percent of evaluation score):
  - Contractor's previous experience in performing transit services of similar quality, scope, and complexity
  - Qualifications of key staff assigned to the contract
  - Safety record in providing bus services (emphasized in RTD's evaluation forms)
  - References
- Understanding/Approach and Organization for Implementation (30 percent of evaluation score):
  - Understanding of the scope and complexity of the scheduled fixed-route service
  - Approach to system implementation and operation, administrative management plan, maintenance plan, operations plans, and driver selection and training plan
  - Availability of sufficient qualified personnel, facilities, and equipment to comply with all solicitation requirements
- Financial Responsibility (30 percent of evaluation score):
  - Sufficiency of financial resources or ability to obtain financing for the proposed services, including bonding and insurance
  - Adequacy of financial statements over last three years
  - Adequacy of proposed financing of equipment acquisition
  - Bank references

RTD pursued several management approaches to monitor contract compliance and to control the safety and quality of service provided:

- Review of Contractor Instructor Qualifications: RTD researched the professional experience of instructors that the contractors intended to use to train their bus operators. RTD discovered several instances where the contractors proposed personnel did not have adequate experience to perform as instructors.

- Weekly contractors meetings: RTD operations, finance, and contracts staff routinely met with the contractors to review progress and to identify and resolve problems. These meetings began soon after contract award and continue on an on-going basis. These meetings provided an opportunity for the open exchange of information and ideas. In many cases incipient problems were resolved before service disruption resulted. The meetings were documented in the form of letters to the contractors' on-site managers.

- Street supervision: RTD supervisors routinely monitored the performance of the contractors. This included observation of on-time performance, driver and bus appearance, and other operational issues.

- On-site inspection of contractors' facilities and equipment: In order to be assured that buses were being safely maintained, RTD conducted inspections of buses both in the contractors' maintenance facilities (leased buses only) and other locations. Vehicle condition and maintenance records were reviewed to determine if the vehicles were being inspected per the terms of the contracts and were in a state of good operating condition.

- Follow-up to customer complaints: Complaints received by RTD required responses from the contractors. RTD reviewed the contractors' responses to determine what follow-up by RTD would be appropriate.

RTD established several types of financial controls in its administration of the contracts:

- Quantity of service provided: Since the billing was on the basis of a contractually agreed upon hourly billing rate, RTD needed assurance that the quantity of service in the invoices was actually provided. This was achieved through a combination of daily service provision reports by the contractors, which documented service actually provided, by route, and independent verification.

- Fare revenues: RTD provided the basis for evaluating the reasonableness of the financial and ridership reports submitted by contractors in several ways. RTD required bank deposit slips from the contractors. In addition, RTD counted the tokens and tickets collected by the contractors and reimbursed them for the discounted value.

During the course of the privatization effort, particularly during start-up activities and the initial weeks of operation of each group of service, RTD management intensively oversaw the contractors' activities. While not actually "running the service for them", RTD management made suggestions for improvements and even assigned RTD supervisors to worked with contractor supervisors during the critical initial operating period.

## EFFICIENCY AND EFFECTIVENESS OF THE IMPLEMENTATION OF THE REQUIREMENTS OF SB 164

Privatization of a segment of an existing public transportation network is a complex process. Conflicting goals of minimizing public subsidy and maintaining safety and service quality make it difficult to integrate outside operators into an existing operation.

RTD's efficiency in its implementation of privatized transit service was demonstrated through the following measurable cost savings:

- Long-term cost savings: As shown in the cost of service analysis above, the long-term net savings in public subsidy resulting from the privatization of the low productivity routes selected by RTD was projected to be $21 million, or approximately 19 percent of net cost.

- Leasing underutilized assets: By leasing buses and the Longmont facility, RTD will derive $7.2 million dollars. Leasing these assets keeps them in productive use for transit purposes, mitigates excess capacity of assets, and avoids any problem regarding Federal funding.

- Consolidating operating garages: Privatization provided RTD the opportunity to consolidate its operations from five locations to three. RTD had previously been considering closing its Alameda division at the time the new District Shops facility opened. This action had the potential for long-term savings of approximately $400,000 resulting from reduction in transportation and maintenance managerial and clerical staff costs, facilities maintenance costs, and rental of adjacent property for bus storage. The actual achievement of this level of savings would depend on the rate of attrition and the occurrence of job vacancies.

  The advent of privatization provided a clear advantage to close Alameda. Privatization of several routes operating out the Alameda division reduced the number of peak vehicles be moved to other divisions and minimized additional pull-out/pull-in and relief travel time and pull-out/pull-in vehicle miles, thus reducing additional bus operator costs to acceptable levels.

  RTD closed its Alameda division and leased the Longmont facility to a contractor. RTD now operates only out of the East Metro, Platte, and Boulder divisions (Boulder operates only on weekdays; weekend operations were privatized).

- Biddable Trippers: RTD was able to negotiate a significant change in its current union contract regarding the utilization of bus operators. The presence of SB 164 may have contributed to RTD's ability to negotiate this change.

  In the scheduling process, schedulers often use unconnected pieces of work ("trippers") as a mechanism for assembling efficient day-long assignments, or "runs", for bus operators. The prior union contract provided for a specified number of trippers to be selected by the bus operators, on the basis of seniority. This provision severely lessened RTD management's ability to efficiently utilize manpower.

  The RTD Schedules Department estimated that the elimination of biddable trippers has resulted in a savings of approximately $1.6 million for the 80 percent of service currently operated by RTD.

- Assessment of Liquidated Damages: RTD's intent in the assessment of liquidated damages was to encourage compliance by the contractors. The income derived was not a major objective. Indeed, the RTD Board authorized management to use such income to cover the cost of additional street supervisors needed to oversee contractor operations. The net result will be safer and higher quality service.

It is important, however, to consider several real costs of privatization:

- Labor protection provisions of SB 164: To a large extent, RTD's efficiency was lessened by the no-layoff provisions of SB 164. Labor costs are approximately 70 percent of the average transit system budget, including RTD. Thus, SB 164 prevented RTD from fully controlling the largest of its cost components.

  While the rate of attrition was greater than anticipated, RTD was forced to schedule its operators in a less than optimal manner following the privatization of each group of service. This is a transitional problem, however, and will diminish in later years as attrition reduces the RTD work force to an optimal level.

- RTD Start-Up Costs: The time charged to privatization by RTD staff prior to the initial revenue service, while extensive, appeared to be necessary and appropriate. RTD management, as noted above, had two conflicting objectives. While it was obliged to minimize cost and meet the terms of SB 164, it still had to protect the public's interest in terms of safety, quality of service, and protecting RTD assets. RTD's efforts included preparing the initial RFP, meeting with potential proposers, selecting routes to be privatized, issuing the RFPs, selecting contractors, and monitoring start-up activities.

- Fare revenues retained by the contractors: SB 164 called for the contractors to retain between 50 and 100 percent of the fare revenues collected. RTD elected to have the contractors retain 100 of the fares collected (i.e., the cash fares and the discounted value of the tokens and tickets). This arrangement provided a clear incentive to the contractors to maintain attractive, reliable service. At the same time, the contractors benefitted from RTD's fare restructuring in 1989 which resulted in increases in overall fare revenue.

- Increased deadheading: Consolidation of RTD operations to three garages, while reducing various administrative and facility maintenance costs, does increase the amount of unproductive deadheading and relief travel time between the garages and the point where buses and operators enter revenue service. RTD attempts to minimize this adverse impact through efficient scheduling practices.

- Use of Part-Time Operators: RTD's new union contract provided for an increase in the percentage of part-time operators from 10 to 20 percent. While RTD has significantly increased the number of part-time operators, RTD has found it increasing difficult to attract and retain such operators.

  This is a problem common in the transit industry. Very often, persons hired as part-time operators are, in fact, seeking eventual transition to full-time positions. By decreasing the proportion of full-time operators, RTD has made it more difficult for part-time operators to achieve full-time status. The net result of this is increased turnover and training costs to RTD.

Effectiveness addresses ridership and safety and quality of service. Ridership measurement was avoided as an evaluation measure because of the inability to account for external variables such as significant changes in employment along a route, traffic conditions, and changes in parallel transit service. In terms of bodily injury accidents, the contractors performed better than RTD; in terms of property damage accidents, the contractors performed worse than RTD. The quality of service measures indicate that after initial start-up problems, service quality been stable or improved.

## COOPERATION BETWEEN RTD AND THE CONTRACTORS

Cooperation between RTD and the contractors was critical to the success of the privatization effort. RTD's approach was to deal with the contractors in a professional manner, explicitly recognizing the contractors' objective of operating profitable service. At the same time, RTD expected the contractors to deliver safe, first class service with limited direct operational assistance from RTD.

This level of cooperation began in the early phases of the privatization effort, during the development of the Request for Proposals, and continues as an on-going effort, now that all contracts are in place. Specific elements of the cooperative relationship between RTD and the contractors, include:

- Peer Review Committee
- Pre-proposal meetings
- Weekly Review meetings
- Start-up oversight
- Early operations oversight
- Continuing oversight

In addition, RTD accomplished the following, not specifically required in its contracts:

- RTD invited the contractors' operator instructors to attend classes for RTD's operator instructors.
- RTD Quality Control staff instructed contractor staff regarding procedures for preventative maintenance inspections.
- RTD Maintenance Reporting System staff instructed contractor staff regarding the reporting of preventative maintenance and repair data.
- RTD Operations staff visited the contractors' facilities to assist in the training of the contractors' dispatchers. The contractors' dispatchers visited the RTD dispatch center to observe RTD procedures and gain a better appreciation of the need for close communication and coordination.
- RTD Finance staff trained the contractors' administrative staff in reporting UMTA Section 15 data. This included providing report forms, identifying certified public accountants, and answering questions at the contractors' facilities.
- RTD developed an agreement wherein if a contractor notifies RTD that it will not be able to perform a specific piece of work, RTD will replace that service and waive liquidated damages at a price that results in a lesser cost to the contractor than if the contractor failed to provide service entirely. This approach encouraged the contractors to report missed trips and resulted in the potential for improved quality of service.

Discussions with all of the contractors revealed that they were generally satisfied with the professionalism of the RTD staff. Early operational problems did result in antagonistic attitudes by some RTD staff, but as contractor performance improved this attitude faded. The contractors generally believed that RTD staff were "tough, but fair".

## SIGNIFICANT MATTERS OBSERVED BY THE AUDITORS BUT NOT RECOGNIZED BY RTD

During the course of the performance audit, no new issues were uncovered that had not been previously recognized by RTD or the contractors.

## DEVIATIONS BY RTD EMPLOYEES FROM CODES OF CONDUCT AND POLICIES AND PROCEDURES

No such problems were observed.

## AMBIGUITIES, CONTRADICTIONS, AND OTHER ISSUES PRESENTED BY SB 164

SB 164, while clear in its overall objectives, did include some language which would have made implementation difficult for RTD. RTD contributed toward the language in Senate Bill 90-8 amending CRS 32-9-119.5, which addressed many of these problems:

- Reference was made to "negotiated contracts" rather than lowest price "bids": The intent of SB 164 was to obtain the lowest cost from the most qualified available contractor. Since contractors were not selected solely on the basis of price, the term "bid" and "bidder" was not appropriate and actually conflicted with the context of the selection process. Reference was therefore made to "proposers" rather than "bidders".

- Maximum duration of the contract: This was increased from one year to up to three years with options for extending the contracts up to a total of five years. This change recognized that few contractors will be willing to assume the risk for mobilization and capitalized cost for short-term contracts. It was anticipated that proposed prices would have been significantly higher for shorter term contracts, reflecting the increased risk to the proposers.

- Time period for response to the Request for Proposals: This was changed from less than 90 days to "not to exceed 90 days nor less than 45 days"

# VI. CONCLUSIONS AND RECOMMENDATIONS

## CONCLUSIONS

The privatization effort has demonstrated that, for lower productivity routes, RTD can reduce its net cost by contracting for transit services from private providers. Over the five-year term of the privatization contracts, RTD is projected to save more than $29 million (25 percent), on a fully-allocated basis, and nearly $16 million (15 percent), on an incremental basis, over its in-house costs. In stable years, after various privatization initiation costs have been fully amortized, the annual savings were projected to be as high as 28 percent, on a fully-allocated basis, and 17 percent on an incremental basis. Further, for many measures of safety and quality of service, the contractors performed as well or better than RTD.

These positive findings must be tempered, however, by the consideration of:

- Significant front-end RTD costs resulting from contract administration and operational oversight
- The uncertainty of future contractor proposed prices and, hence, RTD cost savings given higher than expected contractor start-up costs and initial operating losses.
- Lower performance by the contractors in terms of some performance measures, for some types of service
- Poor initial performance by all of the contractors and continuing problems with one of the contractors

It should be noted that the results at the conclusion of the three-year base term of the contracts (or after four or five years, if RTD exercises options with the current contractors) may vary from the findings contained herein, given the relatively short-term focus of this study.

RTD faced the challenge of maintaining a balance between providing the contractors the opportunity to run their own businesses effectively and profitably and protecting the public's interest through preserving safe and reliable service and protecting RTD assets leased to the contractors. RTD recognized the potential advantages of the profit motive and competition in controlling the proposed price but at the same time made provision for controls to assure that all services contracted for were actually provided and were consistent with RTD's own safety and service quality standards.

RTD has attempted to accomplish this through:

- Attention to the "business" side of privatization: This included preparation of the RFP, selection of contractors, and program oversight. RTD structured a procurement process that was intended to protect the public's interest, in terms of safe and reliable service, and provided opportunities for qualified local and small businesses. This process was developed in cooperation with RTD's Peer Review Committee, composed of knowledgeable persons in the public and private transit industry.
- Contractor selection: Contractors were evaluated and judged qualified on the basis of previous operating experience, adequate understanding of the Denver situation and approach for organizing the implementation of privatized service, and sufficient financial capacity.
- Performance incentives: These were in the form of retention of 100 percent of fare revenues collected.

- Performance penalties: These were in the form of liquidated damages for non-compliance of specific contract articles related to service provision and safety and service quality.

Routine observation by RTD street supervisors, spot inspections of vehicles and facilities, and periodic meetings with the contractors assured that service safety and quality was measured, that problems were identified, and that resolution of problems could be initiated. The dedication of both a contracts and operations department project manager helped assure that the appropriate level of attention was paid to the privatization effort.

A concern with RTD's management approach, identified by the contractors and others, is the temptation for RTD to impose its own expectations as to how the contractors should manage their businesses. While RTD was quite properly concerned about the adequacy of training and the level of street supervision during the initial months of privatization, the initial mobilization problems faced by the contractors have largely been overcome.

The incentive/penalty system utilized by RTD had several weaknesses:

- Financial impact: The dollar amount of the incentives and penalties were too small to be of significant importance to the contractors. Incentives from retained fare revenues were difficult to determine, since the effect of the recent fare restructuring probably overshadowed any passenger response to quality of service. In all likelihood, such incentives would have been small, since, in the total analysis period, retained fare revenues equaled less than 17 percent of total contractor costs.

  Penalties resulting from liquidated damages amounted to less than 0.3 percent of contractor costs.

- Degree of contractor control: The incentives to the contractors for good quality service are based on fare revenues received. Unfortunately, the contractors do not have the ability to directly control two important aspects of fare revenue. The overall fare structure is imposed by RTD. While the recent fare restructuring actually benefitted the contractors, the revenue increase probably had little to do with the quality of service they provided.

  The other aspect affecting fare revenue is ridership. Prevailing regional economic conditions, as well as route-specific changes (e.g., expansion of major employers and increases in traffic congestion) can have as much or greater influences on ridership than any change in service quality.

- Inconsistent observations: Liquidated damages are imposed by RTD based on observations from a variety of sources. These include observations by street supervisors, maintenance inspections of buses, and passenger complaints. There is no assurance that the occurrence of these observations is uniform or consistent. Street supervision, for example, is deployed based on day-to-day and hour-to-hour operational considerations, rather than on any attempt to observe all service.

  By contrast, measurement of on-time performance by traffic checkers was an example of unbiased performance measurement. The number of observations were in approximately the same proportion as the number revenue hours operated by the contractors. Thus, each contractor had the same likelihood of being observed.

## RECOMMENDATIONS

Once contractors have successfully mobilized and have achieved a stable level of safe and high quality service, RTD's objective in monitoring contractor performance should be to focus oversight on a set of consistently applied measures, tied to specified performance goals.

In such a management structure the contractors would be given a set of performance goals. Achieving better than an established goals (e.g., more than, say, 7,500 miles between roadcalls) would result in a incentive bonus to the contractor.

Achieving worse than established goals (e.g., less than, say, 2,500 miles between maintenance roadcalls) would result in two actions by RTD. First, RTD would assess a penalty to the contractor. Second, RTD would be a position to follow-up, requesting further documentation from the contractor and plans for improving the situation. In this example, RTD might request maintenance records and the contractor's plan to bring inspections up to date.

RTD has already taken similar actions as a result of its occasional inspections of equipment. The difference in this recommendation is that RTD would take follow-up actions primarily as a result of measured problems in performance, in this case maintenance reliability.

RTD should continue to require highly qualified and experienced on-site managers and should require the contractors to replace their local management staff and/or supplement such staff if, in RTD's opinion, the safety and quality of service does not meet contractual requirements.

By adhering to an oversight program that addresses established safety and service quality goals rather than on contractor management of their own operations, RTD can both assure that the public's interests are protected and avoid the tendency to focus on the mechanics of service delivery rather than on the results.

The key to such a management approach is to devise a set of performance measures that are:

- Meaningful: The performance measures should address safety and service quality issues that are important from the public's perspective. Thus, while measuring arrival and departure times at the downtown stations is relatively easy to collect for the express routes, arrival and departure times at park-and-ride lots and other en route locations are also important to passengers. In another example, cleanliness of bus seats and interiors may be much more important to passengers than the cleanliness of bus exteriors.

- Realistically measurable and obtainable: The performance measures should be able to be quantified with data that is possible to collect without extraordinary expense. For example, 100 percent measurement of whether bus operators are properly in uniform would not be possible unless each operator was observed en route. This measure might require an unreasonable amount of manpower.

- Consistently applied: The performance measures should be uniformly collected for both RTD and contractor buses. Observations should not be biased by operational considerations which tend to address known problem areas. On-time arrivals of express routes at the Market Street and Civic Center stations is an excellent example of a consistently applied performance measure.

Several potential approaches that RTD should consider in this regard are the following:

- Sampling: A stratified random sampling approach, tied to specific standards of precision and level of confidence, would provide an

unbiased approach to measuring both RTD and contractor performance. RTD already uses this approach in collecting passenger-mile data reported to the Urban Mass Transportation Administration.

Sampling requires careful management controls. Manpower must be deployed in the field. Data collectors need to be trained and carefully supervised. Opportunities exist for both failing to collect and improperly and/or falsely collecting and processing data. This may lead to questions as to the extent to which the sample is unbiased.

- Advanced technology: Emerging automatic vehicle location (AVL) technologies are beginning to provide the transit industry the ability to monitor from a central location the location of every vehicle in a fleet. Such a technology, properly designed and applied, has the potential for providing 100 percent samples of on-time performance and missed trips and could provide useful information regarding other operational measures, such as roadcalls and accidents.

  The real challenge in this approach will be for RTD management to adequately capture, analyze, and act on the data. Real-time data could be most useful in supervising operations. Properly designed reports, with appropriate analysis and interpretation, can be used both to reward and penalize contractors and to improve overall quality of service.

There are two weakness in the use of complaint data, problems common to the transit industry:

- Data quality: Complaint data are based solely on complaints received and do not reflect any follow-up by management. If such data are to be relied upon for incentives or penalties, a process must be established by which management assures that only complaints that have been adequate reviewed are used as the basis for performance measures.

- Reporting bias: There is no control as to the extent to which the reported problems accurately portray overall service quality. By their very nature, the incidence of complaints cannot be controlled, since the origin of the data (i.e., telephone calls) is not subject to precise sampling. Additionally, it is dependent on the expectations of the caller and his propensity to complain.

Incentive bonuses and penalties might be based on either a point or a range. Performance above or below that point or range would result in imposition of the incentive or penalty. RTD would need to accomplish the following to structure such an incentive/penalty scheme:

- Establish target performance goals: This could be based on historic or current RTD performance, by type of service. For example, in the case of on-time performance in the April-June 1990 quarter, contractors operating local/limited non-radial routes that performed worse than RTD's value of 90.7 percent on-time and would be subject to a penalty.

  Alternatively, performance goals could be based on desired targets in excess of RTD performance to date. Gaining contractor acceptance of such an approach might be more difficult, however, since it could be argued that such performance goals might be unattainable.

- Establish incentive and penalty dollar amounts: This determination must take into consideration the point at which the financial implications of incentives and penalties become significant to the contractors and the degree of risk contractors would be willing accept.

# VII. SUMMARY

RTD met both the spirit and the letter of the law in the implementation of the privatization initiative. RTD has successfully contracted out 20 percent of its service, representative of the broad range of services RTD provides throughout the Denver region. It has done so in an efficient and effective manner.

While it could have responded to SB 164 as a threat to the RTD's institutional integrity, RTD management and the Board worked deliberately to establish a management and operational structure that assured the success of the privatization effort. RTD's implementation of SB 164 recognized the profit making objectives of the private contractors and provided opportunities for small and disadvantaged businesses. At the same time, RTD management maintained control over the safety and quality of service provided and over RTD assets utilized by the contractors.

Privatization of transit services by a public entity involves many trade-offs with respect to degree of control, cost, and quality of service. There have been many examples in the U.S. of expanded transit services operated by private contractors. RTD was one of the first cases of a major replacement of existing publicly operated service. RTD's primary goal from the outset was to maintain the safety and quality of service it has previously achieved when it directly operated the privatized routes.

While fully implementing the privatization goals of SB 164, RTD hoped to accomplish this, in part, by making the privatization of transit services transparent to the passenger. RTD hoped to achieve this with very detailed service specification in the RFP and contracts, selection of qualified contractors, significant oversight effort, and the provision of incentives (in the form of retained fare revenues) and penalties (in the form of liquidated damages).

Discussions with the contractors identified management areas in which improvements were desired. Many, in fact, were resolved during the initial months of revenue service by each contractor. To a large extent, these issues addressed the trade-offs between allowing the contractors the opportunity to manage their own businesses versus RTD management's real and perceived need to oversee the contractors in order to protect the public's interests.

RTD has demonstrated that it can successfully implement privatized services and oversee initial operations by the contractors. Future contracts may provide RTD the opportunity to shift the focus of its attention from the contractors' management of their services to the contractors' actual performance. This can be accomplished through incentive/penalty provisions tied to meaningful, realistically measurable and obtainable, and consistently applied performance standards. Incentives and penalties should be established at dollar amounts that would clearly encourage the contractors to perform well. Such an approach would be appropriate once a contractor has successfully mobilized and has achieved a high and stable level of safe and quality service.

RTD's experience to date indicates that, for low productivity routes, transit service contracted to the private sector can result, in the long-term, in lower public subsidy than service provided by RTD forces. However, in the short-term there were real costs to RTD through the dedication of significant resources during the initiation of privatized services, in routine contract administration and operational oversight, and mandated consultant studies. Further, despite careful selection of potential contractors, and intensive contract administration and operational oversight, some contractors experienced severe start-up problems and quality of service suffered in the initial months of operation.

Finally, it should be noted that these findings are valid only for the relatively low productivity routes actually contracted out. Operating losses by the current contractors and uncertainty regarding economic conditions may lead to higher proposed prices from both the current contractors, who may wish to operate their Denver projects profitability, or from new contractors, who may wish to minimize risk given the experience of the current contractors.

TESTIMONY OF GEORGE LEITZ, INTERNATIONAL PRESIDENT, TRANSPORT WORKERS UNION OF AMERICA, AFL-CIO BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Good morning, my name is George Leitz and I am International President of the Transport Workers Union of America. The TWU represents some 60,000 members involved in urban and intercity surface transportation. We represent bus and subway drivers in New York City, Philadelphia, Houston, San Francisco, Miami and numerous other smaller cities. We have a continuing interest in a strong and viable urban transit system. This is, in our view, the purpose of the Urban Mass Transit Act, and the Surface Transit Assistance Act now being considered.

At the outset, I am pleased that after many years of recommending drastic and destructive cuts, the administration is at least proposing a modest increase in assistance. I believe that significantly more assistance is called for if we are to restore public transit to a central role in our national transportation system, but I am grateful that the destruction of urban transit assistance programs is no longer in the administration's game plan.

Aside from arguing for an increase in funding levels, TWU has continuing concerns about the administration of the program which I will now discuss.

PRIVATIZATION

It is clear that UMTA, through its interpretation of Sections 3(e), 8(e), and 9(f) of the Act - as well as regulations published pursuant to these provisions - has sought to establish a bias in favor of contracting out and privatization by transit authorities. Indeed, UMTA has, in essence, forced public authorities to justify performing their own work as a condition of assistance. In our view the actual terms of the law do not permit this sort of presumption. Of equal significance, this is the exact opposite of how efficient private sector firms operate in relation to contracting out core functions of a business.

For example, in our contract with American Airlines we have a provision requiring the company to contract in at least as much work as it contracts out. Notably, UMTA has found similar restrictions on contracting out in transit contracts to be inconsistent with its privatization regulations. I doubt that anyone would contest that American has been one of the most successful airline enterprises over the past few years. By contrast, Texas Air - which for years contracted out far more work then most carriers - is one of the least successful carriers. In other words, UMTA's presumption in favor of contracting out has not, in our experience, been a sound strategy in the private sector. In light of this, I cannot see wh UMTA retains this sort of policy.

The true cost of UMTA's privatization initiative, though, is revealed by the Miami experience. In that city, Administrator Ralph Stanley forced the authority to enter into what was known as the "Private Enterprise Participation" ("PEP") plan as a condition to receipt of rolling stock. The authority was compelled to contract out several well traveled routes to Greyhound Corporation. The notion was that this experiment would show that private firms would operate more efficiently and effectively than the established public authority and, therefore, justify more contracting out.

The experiment eventually established the exact opposite point. Polls of the public showed great dissatisfaction with the service provided by Greyhound and far greater happiness with the work of our members in Miami. While the private company began with a significant labor cost advantage, that advantage was soon eliminated by the higher accident, turnover, and absenteeism rates among the private drivers and mechanics. In short, while Greyhound paid its employees less, the Miami ridership got what Greyhound paid for - less effective service.

The ultimate cost of privatization, though can be simply revealed by looking at the busses themselves. Greyhound walked away from the PEP contract. They returned the buses to the Miami authority - <u>stock paid for by UMTA dollars</u> - in a complete state of disrepair. Any proponent of forced privatization should be compelled to walk through the warehouse where the cannibalized, leaking, now unusable buses, operated by Greyhound are kept. That

will reveal in starkest possible terms the true cost of privatization

Clearly, this policy is unworkable. TWU strongly recommends that Congress amend the Act to require UMTA to remain neutral with respect to contracting out decisions.

LABOR PROTECTION

To its credit, UMTA has not proposed elimination of 13(c). However, we strongly believe that certain loopholes in the law should be closed. In particular, UMTA has proposed deletion of 13(c) for so called demonstration grants. Yet, such grants many represent significant privatization initiatives. In any case, I see no reason why an authority should be allowed to circumvent negotiations with the Union on any federal grant which may affect our members.

DRUG TESTING

TWU remains opposed to legislation mandating the imposition of drug and alcohol testing, especially random drug testing, as a condition for the receipt of federal transit grants. Over 80 percent of the urban mass transit industry is engaged in massive drug and alcohol testing, employing pre-employment reasonable suspicion, post-accident and other testing as part of negotiated programs or employee practices. We have such programs in New York

and Philadelphia.

The Committee has not received nor has UMTA presented any evidence indicating a need to legislate any additional testing at this time. Indeed, the experience in the airline industry indicates that the cost of random testing programs far exceeds their value in removing drug impaired personnel from the work place.

(PRESENTED BY ROBERT MALOFSY,
LEGISLATIVE DIRECTOR, AMALGAMATED
TRANSIT UNION)

STATEMENT OF JIM LA SALA

INTERNATIONAL PRESIDENT

AMALGAMATED TRANSIT UNION

BEFORE

THE SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF

THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

U. S. HOUSE OF REPRESENTATIVES

ON

REAUTHORIZING THE FEDERAL MASS TRANSPORTATION PROGRAMS

APRIL 10, 1991

Amalgamated Transit Union
5025 Wisconsin Avenue, N. W.
Washington, D. C. 20016
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## *Summary*

## *ATU Positions on New 1991 Five-Year Surface Transit Bill*

① **Passage of a new five-year highway/mass transit bill** by September, 1991.

② **Increased federal transit funding** to $6 billion per year.

③ **Raising the federal gas tax** to seven cents per gallon with funds dedicated to mass transit.

④ **Maintaining and increasing federal operating assistance** for our nation's transit systems, including its large systems over one million in population, now $802 million.

⑤ **Retention of *Section 13(c)* collective bargaining and job rights,** with guarantees that they apply to all capital, operating and specialized transit grants including demonstration and privatization projects.

⑥ **Limitations on UMTA's privatization mandate** and regulations to ensure that the choice of public and/or private transit is a local decision determined free from federal regulations or guidelines.

⑦ **Opposition to mandatory, random and other drug and alcohol testing** as a condition of federal transit grants.

⑧ **Retention of federal/local share ratios** at current 80% federal - 20% state and local levels.

⑨ **Retention of general fund support** for capital transit grants under *Section 3* discretionary program.

⑩ **Changes in federal tax law** to eliminate unfair taxation of employer-provided transit passes.

Mr. Chairman and Members of the Committee: My name is Robert A. Molofsky and I serve as Legislative Director of the Amalgamated Transit Union, AFL-CIO, CLC. It is my pleasure to appear here on behalf of International President Jim La Sala to reaffirm our commitment to a strong federal mass transit program; to comment on the Administration's transportation proposals; and of course, to outline our own policy recommendations for inclusion in a new federal highway/mass transit reauthorization bill designed to transport us into the 21st century.

The ATU represents some 160,000 public transit workers in the United States and Canada. Most of these are employed as bus drivers, maintenance and clerical personnel in the urban mass transit and over-the-road bus industries.

We and my fellow panelists, appear here today with the full support of the AFL-CIO and its recently formed Transportation Trades Department, composed of affiliated organizations representing transit, rail, airline, trucking and other transportation workers; and we also concur in the views to be expressed by the representatives of the Transport Workers Union appearing along with us today.

In support of this statement, we have attached hereto the Mass Transit and Privatization resolutions unanimously adopted at our 49th annual convention, held in Anaheim, California, September 9, 1989. Also attached are copies of the recently adopted AFL-CIO resolutions on national mass transportation policy, including those of the Transportation Trades Department within the AFL-CIO.

It is certainly beyond question that our nation's changing transportation needs require an expanded federal program with significant funding increases to not only repair and maintain existing operations, but to respond to our changing urban, suburban and rural transportation needs as well. Expanded requirements to meet the needs of the elderly and persons with disabilities under the Americans with Disabilities Act further justify these increases.

Increased federal investment in mass transportation services will also enable us to respond to our growing traffic congestion, air quality and energy conservation problems, while an expanded investment in our transportation infrastructure and service operations will strengthen the foundations for increasing industrial competitiveness and improving our urban and rural areas' responses to social and other related concerns.

For decades, our Union has worked with your Committee, the transit industry, the federal Department of Transportation and other transportation advocates at the state and federal level to

ensure a sound national mass transportation program. As outlined below, we believe a well-structured national transportation policy must include an equally well defined and enforced national transportation labor policy protective of important employee rights. This is especially so in an industry as labor intensive as mass transit services.

COMMENTS ON DEPARTMENT OF TRANSPORTATION'S PROPOSALS

Inasmuch as the initial focus on new directions in mass transportation policy will center around Secretary of Transportation Samuel Skinner's proposed transportation legislation released in February, 1990, we preface our summary of important issues and policy recommendations with some brief comments regarding this approach.

Unfortunately, despite the Administration's best efforts, its proposals as applied to urban mass transportation programs fall well short of meeting the nation's compelling mass transportation needs and seek to perpetuate the failed policies of the 80's.

By opposing any real increases in the level of federal capital funding; seeking steep reductions in federal transit operating assistance subsidies, especially for cities over 1 million in population; reducing general revenue funding for transit projects; cutting the federal/local share ratios; and by maintaining so-called competitive bid or privatization requirements in such a manner as to remove local decision making regarding the selection of public and/or private providers, the proposal fails to move the transit program forward in the proper direction.

In the privatization area particularly, we believe now is the time for this Committee to give careful consideration to UMTA's policies and programs which, since 1984 have imposed increasingly harsh burdens on federal transit grant recipients with limited benefits and often adverse results. As discussed below, we believe the Committee should assure federal neutrality over the grant recipient's choices of public/private providers based upon locally established plans programs and cost analyses, implemented without UMTA's interference or control.

Especially disturbing is the Administration's reliance on increased state and local governments matching contributions to the diminished federal resources at a time when these governments are already suffering under strained budgets, taxing constraints and limited resources. The ATU, of course, supports maintaining the present federal/state local ratios for mass transit programs and opposes any program restructuring which would favor highway projects over transit.

In the area of transit employee labor protections, a primary focus of this Union for over 26 years, we recognize that the

Administration's proposal seeks no change in the substance of the Section 13(c) employee protection provisions. However, through a combination of unjustified program changes, the Department seeks to reserve for itself the right to waive the application of these vital protections to a wide-range of specialized transit grants funded under the Act, including demonstration and privatization projects, and those serving the elderly and disabled.

We remain unyielding in our request that these vital employee protection arrangements be retained and made applicable to all parts of the federal transit grant program, including transit projects funded with funds released under the federal highway program. This has been the Committees' and Congress' position for over 25 years and we find no justification to modify their application today. Indeed, their retention and uniform application have served as the basis for an extraordinary labor/industry partnership in meeting our country's changing transportation needs over three decades. The legislative history to the recently enacted Americans with Disabilities Act of 1990, specifically confirms Congress' intent that these labor protections apply to the expanded specialized services under the ADA. (See 136 Con. Rec. S. 9692, (daily ed. July 13, 1990); 136 Con. Rec. H. 4625 (daily ed. July 12, 1990)

Similarly, we find no justification nor support for proposals to weaken existing Davis-Bacon and "Buy America" requirements.

We also continue to be in serious disagreement with the Administration's proposals for new federal legislation mandating both random and other drug and alcohol testing within the urban mass transit industry. We share the desire to promote the safety of the riding public which should be of paramount concern to all involved in the transportation industry. Indeed, we believe our own commitment to safety is second to none, and we are proud of the leadership ATU locals have shown in negotiating testing and treatment programs which have effectively addressed substance abuse problems in the workplace.

For over twenty years, this Union and its locals have supported and negotiated programs designed to keep the work place free of drug or alcohol impaired workers, who in our review should be removed from service until they can be properly treated and rehabilitated.

Long before federal efforts began to impose mandatory testing requirements, the ATU pioneered in the development of negotiated "employee assistance programs" (EAP's) which stress rehabilitation, education, and re-employment as effective alternatives to unilateral employer testing and termination. These programs have served to establish and maintain a highly trained, safe and disciplined work force.

The Urban Mass Transportation Administrations's own 1987 "Safety Review Task Force," in calling urban transit one of the safest transportation modes, cited the industry's exemplary record of a 15 percent decline in accidents and no increase in passenger fatalities over the five-year period under review. Indeed, in issuing their original drug testing regulations UMTA was unable to cite any specific evidence to support the existence of a drug abuse problem in the urban transit industries warranting a new national effort. In fact, UMTA noted that "[no] data exists to prove the presence of a drug or alcohol abuse problem among mass transit personnel" (53 Fed. Reg. 25, 913).

Therefore, in light of the industry's long standing commitment to safety, we fail to understand the necessity to legislate a massive new federal program of extraordinary expense to the parties affected. To justify such an intrusion into the privacy of the hundreds of thousands of employees leading drug-free lives who would be adversely effected by this legislation, at least some factual showing of a serious substance abuse problem beyond present voluntary efforts by the parties to control must be demonstrated.

To assist in the Committee's deliberations, we now provide a summary discussion of those major policy recommendations and provisions the ATU believes must be considered as the Congress develops a reinvigorated national transportation program to effectively respond to our new transportation needs.

## MAJOR ATU ISSUES AND RECOMMENDATIONS

As amplified below, the ATU places the highest priority on the following eight issues for evaluation as part of a Mass Transit Reauthorization bill.

1. **Passage of a new five-year highway/mass transportation re-authorization bill by September, 1991, modeled substantially after the expiring Surface Transportation and Assistance Act of 1987.**

2. **Increased federal funding approaching $6 billion per year to support our nation's transit systems serving our urban, suburban and rural areas, with funding for both capital and operating assistance, derived from both general revenue and gas tax revenues.**

   Recent studies have indicated our presently unmet national mass transportation needs may require as much as $11 billion annually to make up for prior short falls and to meet future needs.

   Funding for these expanded programs should be derived from general revenues as well as significant increases in the transit dedicated portion of the federal motor

fuels tax and available for both operating and capital expenses.

With respect to the Administrations' so-called "flexibility program," the ATU would support provisions allowing highway funds to be transferred for eligible transit projects subject to those conditions regularly applied to Section 3 and 9 transit grants. The ATU will, however, oppose making transit funding available for highway projects without appropriate transit funding levels guaranteed.

3. **Raising the federal gas tax up to seven cents per gallon with revenues dedicated to mass transit programs.**

We support proposals to increase the existing federal highway user gas tax earmarked for public transportation within the Highway Trust Fund account under condition that such revenue is used to supplement and not substitute for the general revenue funding portions of the federal transportation program.

4. **Increasing federal operating assistance for all sizes of transit systems to ensure adequate maintenance and effective operation of the transit capital investment.**

5. **Retention and uniform application to all transit grants of the Section 13(c) transit employee labor protections provisions, providing important collective bargaining and job right guarantees to transit industry workers to prevent adverse employee impacts under the federal transit grant program.**

The retention and application of the rights guaranteed under Section 13(c) of the UMTA Act, as amended, has, since 1964, served as a key component and condition of ATU support for the federal transit grant program. The history of Section 13(c) employee protection program demonstrates that transit labor working in partnership with our nation's transit providers can respond to our changing transportation needs in a manner which provides necessary protections to those workers while servicing the riding publics' demand for high quality, safe, efficient and responsive transportation. It is absolutely essential, therefore, that any new federal legislation ensure the continuation of these labor protections and their application to the entire transit grant program.

We have submitted to the Committee several proposals to ensure continued Section 13(c) coverage for the demonstration, privatization and other specialized transit service grants including those providing service

for elderly persons and individuals with disabilities. We note, at this time, that several provisions in the Administration's proposals, including Sections 438 and 428, raise some questions regarding the continued applicability of these protections for those grant projects. As stated earlier, these protections have uniformly applied to such service programs and no reasoned justification has been presented for modifying their application.

In addition, we could not accept any so-called "flexibility proposals," including the urban and rural programs provisions and/or metropolitan rural incentive bonus programs outlined in the Administration's bill, without assurances that these labor protections will apply to mass transportation projects funded under these arrangements. The Committee is referred to Section 142 of the current Federal Highway legislation which provides such coverage for transportation projects funded under the Highway program. (Section 23 U.S.C. 142.2)

Finally, we again note, that while the Section 13(c) labor protection program has at times been subject to criticism by the Administration and others as a burdensome provision which leads to inefficiencies in the provision of transit services, no neutral body which has examined such issues has found these vital labor employee protections create unreasonable or costly burdens on transit authorities seeking assistance.

Indeed, over the 15 month period ending March, 1990, the ATU was involved in over 458 transit grant applications involving the processing of Section 13(c) protective arrangements. Over 86 percent (397) of those cases were processed within one month of our receipt of the grant applications. These projects involved both capital and operating assistance, para-transit, special transit technology, privatization components, alternative fuel arrangements, entrepreneurial and suburban mobility initiatives. The ATU's average processing time between referral by DOL and request for certification was only 13 days.

Clearly, this record demonstrates our commitment to achieving a fair measure of equitable protection for our members while ensuring a timely distribution of much needed grant assistance.

We do not believe that it is wise or necessary to modify in any way the current statutory framework which has allowed this program to respond to changing transportation needs while protecting the collective

bargaining and job rights of the industry's employees. Proposals to limit the scope of negotiations or the parties' choice of response to privatization issues raised by specific grants are not needed nor justified. When Congress first initiated these protections it emphasized that the arrangements would be the product of negotiations among the affected parties.

6. **Limitations on UMTA's privatization mandates and regulations to ensure that the choice of public and/or private transit providers is a local decision determined free from federal regulations, guidelines, mandates or other controls.**

Over the last six years, despite repeated Congressional statements directing UMTA to remain neutral over the choice of public/private transit providers, the Agency through its interpretations of Sections 3(e), 8(c), 8(e), and 9(f) of the Act has established a preference for involving the private sector in public transit services. (See UMTA privatization circular C. 7005, 1985)

During this period, the Agency has imposed increasingly burdensome grant requirements to assure maximum participation in the federal grant program by private service providers. Through the appeals made under its guidelines and circulars, it has also exercised direct reviewing authority over local decision making with regard to the selection of public/private providers.

In addition, the privatization guidelines have operated to skew the selection process in favor of private bidders by requiring transit grant applicants to use the discredited "fully allocated cost methodology" when analyzing the costs of using public and/or private transit services. (See "The Emperor's New Clothes: Transit Privatization and Public Policy", (1989) by the Economic Policy Institute; recent correspondence by KPMG Peat Marwick similarly criticizing the fully allocated cost requirements.)

We have long opposed these policies and believe such decisions should be made at the state and local level with private sector participation in public transportation a community based decision to be employed only when it can be complimentary to the existing public transit network and only then where there can be a partnership of public/private grant providers protective of employee interests and the riding public.

The existing policies, however, have clearly been counter-productive to effective public transit operations.

This view has been supported by the September, 1989, EPI study. Among their findings, the EPI researchers found, that using federal transportation funds to compel communities to "privatize" their mass transit systems, while producing profits for private contractors caused a deterioration of urban transit services. Indeed, although the stated goals of these policies are to reduce the public cost of providing transit services, these experts found no evidence that the policy has actually saved money, either for the communities affected or the federal government. In fact, they found it probably increased the cost of mass transit by implementing a less efficient use of public resources. A summary of this report is attached.

Recent experiences in Miami, Florida, New Orleans, and Denver have further substantiated these findings. In Miami and New Orleans, for example, the regional transit authorities were compelled to cancel their privatization experiments after the first of a three-year program because of substantial cost increases, ridership losses, revenue declines, service and maintenance problems and high employee turn-over.

In a correspondence describing the substantial losses incurred by Denver's Regional Transportation System after one-year of its three year privatization experiment, the national accounting firm KPMG Peat Marwick criticized the use of the fully allocated cost analysis for decision making stating:

> "Incremental cost analysis yield hard "out-of-pocket" estimates of savings that are useful in real world decision making. Fully allocated cost analysis is based on theoretical, longer-term cost estimates that assume that management has complete flexibility in its staffing decisions and capital investment in response to the quantity of service provided. In fact such flexibility does not exist.
>
> The letter further stated that:
>
> "Based on the considerations raised above it is our conclusion that management decisions regarding the real "out-of-pocket" savings to be derived from privatization should be based on an incremental analysis. Incremental cost analysis address measurable savings achieved within the short-term (3 - 5 years) context of the current privatization contracts. Fully allocated cost comparisons infer that long term theoretical savings in

> administrative costs actually occur in the short term, an outcome that has not been demonstrated. (Emphasis added, full text attached.)

In light of these experiences with UMTA's privatization program and the pitfalls of the required fully allocated cost procedures, we believe the Committee should seek the elimination of these requirements and secure a modification of UMTA privatization procedures by specifically affirming UMTA's neutrality as to the nature of the local transit planning or decision making processes, the analytical accounting methods used for evaluating public/private transit services choices, and the ultimate decisions made with respect to public or private providers. Only a vigorous restatement of this neutrality principle incorporated in a policy directive to the Department of Transportation will be adequate to reaffirm a program commitment to community based decision making on this issue.

We are prepared to discuss our detailed suggestions for modifying UMTA's existing privatization/competitive policies with the Committee.

7. **Opposition to mandatory random and other drug and alcohol testing as a condition of the federal transit grant program.**

Over 80 percent of the employers in the urban mass transit industry are now engaged in testing transit workers through negotiated programs achieved through the collective bargaining process and/or company established plans. Indeed, the Committee has not received nor has UMTA presented any evidence indicating a need to legislate additional testing at this time. UMTA's own safety review task force found the industry to be remarkably safe with a declining rate of accidents and fatalities at a time when the perception of drug use in society has been on the increase. These combined programs have ensured that the transit industry has attained the highest safety standard of any transportation mode in the United States. We see no need for federal mandates in this area.

Imposition of random or other mandatory testing would significantly interfere with important employee privacy guarantees protected under the U. S. Constitution and separately under state constitutions and statutes. It would also result in costly and unnecessary testing providing little, if any, real benefit. Also, imposing these testing requirements as a Federal grant conditions may affect certain states eligibility for Federal funds, i.e. Alaska, California, Connecticut, Florida, Hawaii and Massachusetts, and other states based on their constitutional privacy protection guarantees. We are,

of course, prepared to discuss this complicated issue in detail with the Committee.

8. **Revisions to the federal tax code designed to eliminate the taxation of employer subsidized transit passes and other federal laws which act as disincentives to transit use.**

Current rules require such passes to be taxed as ordinary income to the extent their value exceeds $15. Yet free parking often exceeding $200-400 per month is not subject to such taxing. This represents an inequitable and unwise disincentive to transit use which should be changed. We support pending proposals to modify the current taxation rules in this area.

In closing, let me again express our appreciation for the opportunity to present our views. We look forward to working with this Committee and the Congress as it finalizes its reauthorization proposals. We are, of course, prepared to respond to any questions you may have and provide additional information you may require.

**GENERAL RESOLUTIONS SUBMITTED TO THE
49th CONVENTION OF THE AMALGAMATED TRANIST UNION
ANAHEIM, CALIFORNIA - SEPTEMBER 18-22, 1989**

**RESOLUTION A**

Submitted by Amalgamated Transit Union

**Mass Transit Policy**

WHEREAS, a strong, dynamic and well funded federal mass transportation program, operated in partnership with state and local governments is essential to advancing our country's economic growth and prosperity, improving its air quality, and providing mobility for all citizens; and

WHEREAS, effective mass transportation services enables us as a nation to respond to our growing traffic congestion and energy conservation problems, while expanded investment in our transportation infrastructure provides the underpinning for increasing industrial competitiveness and improving our urban and rural areas responses to social and other related concerns; and

WHEREAS, to achieve these national goals we must reverse the radical and destructive mass transportation policies of the Reagan Administration implemented over the last eight years which have resulted in significant reductions exceeding 50% in federal transit funding; and

WHEREAS, the U.S. Congress and the Federal Department of Transportation are seeking to define a new national transportation policy for the 1990's and beyond through a consensus among a broad coalition of both business and labor leaders, legislators and public officials, environmentalists and other representatives of society who benefit from improved transportation; and

WHEREAS, this consensus must be based on recognizing the mutual needs of all who provide as well as benefit from transportation services, and thereby reject the policies pursued by the Reagan Administration designed to undermine collective bargaining job rights and employee protection guarantees to transit workers; and

WHEREAS, we are opposed to a federal transit policy advocating an increased competitive environment and the periodic rebidding of transit services, which has the effect of only encouraging the transfer of jobs and services from union to nonunion, low waged rated companies, thereby undercutting the living standards and economic security of thousands of workers throughout the industry; and

WHEREAS, a newly defined federal mass transportation policy should encompass legislation ending long standing efforts within the U.S. Transportation and Labor Departments to weaken the collective bargaining and negotiation rights of workers in the transit industry, especially in such areas as job preservation guarantees, first opportunity of employment in new jobs and restrictions upon subcontracting of bargaining unit work; and

WHEREAS, these and other rights guaranteed to transit industry workers for over twenty five years under Section 13(C) of the original Urban Mass Transportation Act must remain at the heart of the consensus among labor and industry representatives and other organizations as they fashion their new transportation policies; and

WHEREAS, the basis for strengthening the existing federal urban mass transportation program should remain the structure recently reaffirmed under Title III of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (H.R. 2), known as the Federal Mass Transportation Act of 1987; and

WHEREAS, a sound national transportation policy should have as its goal to increase transit ridership by at least 50% in the 1990's and to keep fares at reasonable levels so as to provide a safe efficient reliable means of mobility for the millions of Americans who are dependent upon mass transportation; and

WHEREAS, the Congress in reauthorizing the federal program in 1987 reaffirmed the allocation of one-cent of the federal motor fuel tax for mass transportation services, but held total authorized program levels through fiscal year 1990 to approximately $4 billion when annual industry needs actually exceed $6 billion annually;

THEREFORE BE IT RESOLVED, that the ATU participate in designing a strengthened National Transportation policy for the 1990's and support Federal legislation designed to increase funding for both operating and capital assistance in legislation essentially comparable to the 1987 Federal Mass Transportation Act, including at least $6 billion dollars annually in federal subsidies; and

BE IT FURTHER RESOLVED, that the ATU express support for proposals to increase existing Federal highway user fees, i.e., federal gasoline taxes earmarked for public transportation and placed in the Mass Transportation Account of the Highway Trust Fund, with the condition that such revenues should be used to supplement and not substitute for the general revenue funding portions of the federal transportation program; and

FURTHER BE IT RESOLVED, that the ATU inform Congress that any program of expanded federal aid for mass transit must be premised on the continuation of collective bargaining rights and the preservation of a free collective bargaining process on all

mandatory subjects of bargaining, based on the right to strike or the use of arbitration to settle unresolved disputes; and

FURTHER BE IT RESOLVED, that the ATU undertake appropriate legislative and political efforts to insure that the policies and procedures for administration of the Section 13(C) employee protection provisions under the Federal Urban Mass Transportation Act in effect prior to the unwarranted changes either implemented or proposed by the Reagan and Bush Administrations be reaffirmed in the interest of affected employees; and that Congress reject and set aside any proposals for adverse changes in Section 13(c) policies and procedures; and

FURTHER BE IT RESOLVED, that the ATU inform Congress that the labor protection provisions of the Urban Mass Transportation Act should not be transferred to the Department of Transportation, but must remain the exclusive responsibility of the Department of Labor; and

FURTHER BE IT RESOLVED, that the ATU undertake efforts to insure that the Congress maintain provisions guaranteeing that labor standards including the payment of prevailing wages to all workers engaged in the construction or operation of mass transportation facilities involving federal financial assistance, and that such standards also guarantee to rail and transit workers the first opportunities of employment arising from federal transit funding; and

FINALLY, BE IT RESOLVED, that the ATU insure that new authorizing legislation include provisions to recognize that decisions about private sector participation in transportation including decisions to employ competitive bidding, privatization or subcontracting with private operators, if warranted, should be made at the state and/or local level free from any federally imposed standards, guidelines, policies or grant conditions; and that private sector involvement in public transportation remain a local decision to be employed only when such service is complementary to the existing public transit network and only where there can be a partnership of public and private providers protective of employee interests and the riding public.

**RESOLUTION B**

Submitted by Amalgamated Transit Union

**Privatization of Public Mass Transportation Services**

WHEREAS, the governments of the United States and Canada, reflecting a worldwide conservative anti-labor trend are instituting policies and programs to "privatize" essential public services, including public mass transit operations; and

WHEREAS, these anti-labor privatization policies and competitive service solutions place in jeopardy thousands of ATU members' jobs and livelihood; and

WHEREAS, in Canada, certain segments of the transit industry are pressuring city governments and transit systems to increase the level of privatization of public mass transportation services; and

WHEREAS, The U.S. Department of Transportation through a series of Urban Mass Transportation Administration policies and guidelines is compelling transit grant recipients to competitively bid or privatize new and/or existing transit services as a condition for the receipt of federal transit aid; and

WHEREAS, the U.S. Department of Transportation through its privatization initiatives is intruding into the local transit planning and decision making process, as to the choice of public or private providers of mass transit services, thereby violating the long standing federal policy of neutrality as to the choice of service providers; and

WHEREAS, such privatization initiatives will only lead to the dismantling and fragmentation of regional transit services, which are better suited to providing high quality, safe and effective service while meeting the public's broad based community transit needs; and

WHEREAS, the U.S. Department of Transportation through its privatization program is advocating the use of private operators paying cut-rate wages and benefits under the misguided belief that such operators can produce long term savings while maintaining reasonable service; and

WHEREAS, the alleged cost savings from privatization are overstated, and often non-existent when the full cost of service is taken into account, including the continuation of high quality maintenance, safety and service standards, contract administration and other overhead costs; and

WHEREAS, using private firms to deliver public transit

services often results in higher cost and reduced quality and efficiency of services, accompanied by an unresponsiveness to public service needs and inadequate public control mechanisms and;

WHEREAS, historically the private sector has failed in its mission to provide long term quality service;

THEREFORE BE IT RESOLVED, that the ATU oppose Congressional and U.S. Department of Transportation efforts to condition, delay or prioritize transit grants to applicants based on the extent or amount of service provided by private transit operators; and

FURTHER BE IT RESOLVED, that the ATU oppose Canadian transit industry and government policies favoring increased privatization of public mass transit services; and

FURTHER BE IT RESOLVED, that the ATU support the negotiation of collective bargaining provisions limiting the right of transit agencies to contract work to private non-union operators, in a manner which causes job losses and otherwise interferes with existing collective bargaining rights and obligations; and

FURTHER BE IT RESOLVED, that ATU locals work with their local transit planning and decision makers to ensure that decisions involving the integration of private operators in the provision of public transit services are designed to meet local transit needs in a manner which protects our members' jobs and collective bargaining rights; and

FURTHER BE IT RESOLVED, that the ATU distribute the recently completed EPI privatization study entitled "The Emperor's New Clothes: Transit Privatization and Public Policy" to all local unions with any additional information necessary for use in combatting federal and state legislation or local policy initiatives to privatize, or to competitively bid public transit services; and

FURTHER BE IT RESOLVED, that the ATU will launch a national campaign to work with its local unions, state and regional conference boards to develop the necessary information, tactics, publicity campaigns, lobbying, educational/conference/workshop activities, coalitions, and legislation to use in opposition to privatization and/or competitive bidding proposals involving public transit services.

AFL-CIO

# RESOLUTIONS

Numbers 1 to 222

Eighteenth Convention

1989

## Resolution No. 18
## Transportation
## (E.C. Report, Pages 186-191)

The nation's transportation system is an inter-related web essential to the health of the economy and the nation's security. Each element of the national system—subways, urban and intercity buses, airplanes, trucks, railroads, maritime—contributes to the effectiveness of the whole, fulfilling a broad national purpose. Fostering and maintaining this system depends both upon the private and public sectors since no single mode of transport or sector of society can do the job alone. Nor should it.

Transportation is not a service which can be left to private enterprise alone and unchecked market forces. Government has a vital role in funding as well as establishing and enforcing rules and standards to assure there is enough and the right kind of transport, that workers are protected, that there is wide access to transportation services, and that the public interest is protected through reasonable overall regulation and control. Considerations of national security, clean air, safety and the welfare of consumers—to name a few—are considerations which cannot be left to chance, or solely to the private sector and the marketplace.

The AFL-CIO supports the development of a national transportation policy. The development of such new national policy should involve worker representatives in the industry so that it benefits the lives and interest of all American consumers and workers and strengthens America's position in world trade.

### Maritime

For more than a decade, the maritime industry suffered greatly from willful government inaction.

The AFL-CIO believes that the time has come to revitalize all segments of the maritime industry. Positive action must be undertaken to insure that the nation's economic and security interests are not jeopardized further through an inadequate merchant fleet and shipbuilding capability. The deficiencies in strategic sealift must be corrected and steps taken to implement a policy of industry renewal. The Congress must advance legislation which will enhance existing support programs or lead to the development of new initiatives that will permit the U.S. fleet to compete in the decade ahead. The following measures are basic for the broadest possible industry recovery:

- Federal agencies responsible for the overseas movement of government cargo must maximize the use of U.S.-flag vessels at rates that fully compensate for services rendered.



- To prevent further encroachment by foreign shipping interests the Administration representatives to the Uruguay round of GATT negotiations should reject any proposals to include maritime services in any final agreement on services.
- The U.S. should encourage development of bilateral maritime agreements that would insure adequate levels of commercial cargoes for American-flag carriers. Endorsement of the existing international cargo sharing arrangement contained within the United Nations Conference on Trade and Development Code of Conduct for Liner Conferences would provide immediate relief to American-flag operators.
- A cabinet level maritime liaison charged with responsibility for monitoring compliance by various government agencies of a Presidential sealift policy should be created. This office would coordinate inter-agency activity in furtherance of the goal of insuring maintenance of a domestic sealift capability. Vessel construction programs that will permit maintenance of a shipyard mobility base supported by an infrastructure of marine industrial operations should be enacted. Vessels constructed under any "build and charter" program should be made available for operation at rates that would promote active participation by American-flag carriers.
- The Administration should rescind regulations which have allowed foreign-flag cruise ships to undercut domestic cruise fleets. Where necessary, legislation should be developed to ensure that foreign-flag carriers that rely upon the American tourist trade for their survival are subject to the same requirements as American cruise vessels.
- We advocate funding programs for the construction and operation of American-flag vessels in the nation's foreign commerce.
- A "Buy American" program for U.S. financial aid to foreign nations that would limit abuses of the cash transfer program should be developed. It also would insure that American producers of manufactured goods and agricultural products benefit from our nation's generosity. The program would also enhance domestic flag shipping operations.
- Reactivation of the Title XI ship loan guarantee program is necessary for ship operators to secure financial backing necessary for the construction of new tonnage in domestic shipyards.
- Government recognition of the important economic and military sealift benefits derived from a U.S.-flag fleet engaged exclusively in domestic shipping operations must be underscored. To enhance maintenance of this fleet, the Administration must broaden its support for Jones Act operations beyond existing services. In this regard, we call for extension of domestic cabotage requirements to all marine operations performed within the nation's 200 mile Exclusive Economic Zone.
- The Federal Maritime Commission should be encouraged to utilize its strengthened investigatory authority to examine complaints of unfair shipping practices by foreign nations. The FMC also should be assured cooperation by the Administration that it will be permitted to take a positive action against nations that maintain barriers to U.S.-flag operations.
- For over a decade the nation has benefited directly from the energy



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resources of Alaska's North Slope coastal plain. The current Alaska oil export restrictions expire in September 1990 and timely action is essential to insure these energy resources are reserved for domestic purposes.

No single solution exists that will restore the maritime industry's ability to fulfill its legislatively mandated dual role of maintaining a commercial presence worldwide while insuring the availability of strategic sealift. Timely implementation of these recommendations, however, will spur the investment necessary for a comprehensive industry revival.

### Trucking

The continuing deregulation of the interstate trucking industry has led to the following adverse consequences:

1. High level of bankruptcies—over 100 large (class 1 & 2 ICC) regulated motor carriers of general freight have terminated operations since July 1, 1980—the date of enactment of the Motor Carrier Act of 1980.

2. High unemployment—at least 130,000 trucking industry workers have lost their jobs since July 1, 1980.

3. Decline in safety on the highways for truck drivers and the motoring public.

4. Large shippers continue to profit from their exercise of market power at the expense of motor carriers, employees and the traveling public—with no evidence that the lower trucking rates enjoyed by large shippers are passed onto the public in the form of lower prices to consumers.

We firmly believe that the adverse impact of trucking deregulation will accelerate unless Congress and the Administration take proper and reasonable steps to ease the adjustment process.

We support strict enforcement of all safety related laws and regulations by federal and state governments with meaningful and realistic penalties to deter violations. Staffing and funding for truck safety enforcement must be increased at both the federal and state levels. All motor carriers must receive "satisfactory" safety ratings from the U.S. Department of Transportation in order to haul goods in interstate commerce. Shippers must bear responsibility for the acts of motor carriers they utilize to transport their products.

Employees who have lost their jobs because of trucking deregulation should be able to receive adjustment assistance or labor protection provisions administered by the U.S. Department of Labor.

In addition, all employees, including owner-operators on lease to I.C.C. regulated motor carriers, must have the right to organize and bargain collectively. The so-called independent contractor exemption to the nation's labor laws must be ended.

In the past, public policy has been made without adequate and reliable information. The Congress should require that the Interstate Commerce Commission mandate that all interstate motor carriers file annual financial and operating reports. Moreover, the U.S. Department of Transportation should be required to develop and maintain comprehensive accident and safety statistics.



We urge that the Hazardous National Transportation Act be strengthened to better protect transportation workers as well as the general public. We believe too much emphasis is being placed on the role of the truck driver in the quest for truck safety and not enough attention is being focused on the safety responsibilities of the motor carriers and the shippers, particularly the large shippers.

In light of the devastating effects of the deregulation of interstate transportation, we oppose efforts to extend deregulation to the intrastate level. There should be a full-scale reexamination of federal labor policy for all transportation industry employees. Finally, truck drivers and related personnel working for airlines should not be covered under the Railway Labor Act.

### Railroads

The U.S. needs a balanced transportation network which includes a fully-functioning rail system for the convenient and economical movement of goods and people. Industry deregulation and budget cuts have eliminated many jobs in the rail industry and are likely to cause more job and income losses in the future.

To avoid regulations, which already have been cut down excessively, many short lines have been spun off to small, often family-run, operators. Because these moves dismantle rail networks, render service less reliable, push down wages, and undermine fundamentally important regulations, the AFL-CIO calls for legislation to control and limit such spinoffs.

The AFL-CIO supports the President's Commission on railroad retirement. We are pleased that this question is getting the attention it deserves and we look forward to recommendations of the Commission to insure the continued existence of the railroad retirement system.

The AFL-CIO calls on Congress for: continued governmental support of AMTRAK to assure passengers continued rail service; support of AMTRAK workers and its unions in their determination to achieve pay equity with other rail workers; and examination of the counterproductive tactics of management which are detrimental to this important service.

### Mass Transit

The AFL-CIO supports a strengthened National Transportation policy for the 1990s and supports federal legislation designed to increase mass transit funding for both operating and capital assistance.

We call for legislation comparable to the 1987 Mass Transportation Act including at least $6 billion annually to assist local communities and transit authorities in the purchase and upgrade of equipment and facilities. Special emphasis should be placed on "Buy American" programs which would help reverse the decade-long decline of our public transportation equipment manufacturing industry.

Any program of expanded federal aid for mass transit must be premised on the continuation of collective bargaining rights and the preservation of a free collective bargaining process on all mandatory subjects of bargain-

ing, based on the right to strike or use of arbitration to settle unresolved disputes.

Appropriate legislative and political efforts ought to insure that the policies and procedures for administration of the Section 13(c) employee protection provisions under the Federal Urban Mass Transportation Act in effect prior to the unwarranted changes either implemented or proposed by the Reagan and Bush Administrations be reaffirmed in the interest of affected employees, and that Congress reject and set aside any proposals for adverse changes in Section 13(c) policies and procedures.

The labor protection provisions of the Urban Mass Transportation Act should not be transferred to the Department of Transportation, but must remain the exclusive responsibility of the Department of Labor.

The Congress should maintain provisions guaranteeing that labor standards include the payment of prevailing wages to all workers engaged in the construction or operation of mass transportation facilities involving federal financial assistance, and that such standards also guarantee to rail and transit workers the first opportunities of employment arising from federal transit funding.

Authorized legislation should include provisions to recognize that decisions about the terms and conditions for private sector participation in transportation, including decisions to employ competitive bidding, privatization or subcontracting with private operators, if warranted, should be made at the state and/or local level free from any federally imposed standards, guidelines, policies or grant conditions; and that private sector involvement in public transportation remain a local decision to be employed only when such service is complementary to the existing public transit network and only where there can be a partnership of public and private providers protective of employee interests and the riding public.

The AFL-CIO opposes efforts to condition, delay, or prioritize transit grants to applicants based on the extent or amount of service provided by private transit operators.

### Airlines

The AFL-CIO believes that Congress should investigate the repeated misuse of the bankruptcy laws, such as that occurring in the Eastern proceeding. The AFL-CIO supports legislation that would enable creditors, including unions and employees, to go after assets that were previously transferred by a debtor, such as Eastern, to a parent company and related subsidiaries.

Concerns about safety and the jobs of American workers were heightened when the Department of Transportation (DOT) issued a Final Rule, effective December 1988, that would allow U.S. airlines to contract out airline aircraft maintenance, repair and overhaul work to foreign repair stations. The DOT's Federal Aviation Administration is currently understaffed and has neither the manpower nor resources to monitor maintenance performed abroad. The AFL-CIO supports legislation to reverse the DOT's action.

The Administration has continued to forestall attempts to impose labor protective provisions (LPPs) to moderate hardships inflicted upon workers as a result of mergers. Although the House and Senate approved LPP legislation in the 100th Congress, the effort to send such legislation to the White House failed in 1988 when the LPP provisions were dropped from a Department of Transportation's Appropriations Conference Report. Now, authority to consider imposition of LPPs in airline merger cases has been transferred from the DOT to the Justice Department. The AFL-CIO continues to support imposition of LPPs in airline merger cases either by the Justice Department or, if necessary, through legislation.

Referred to the Committee on Resolutions.

AFL-CIO

TRANSPORTATION TRADES DEPARTMENT

Resolutuion No. 15
Mass Transit

WHEREAS, An increased Federal commitment to support and expand our nation's mass transportation system is necessary to respond to our country's developing mass transportation needs; be it

RESOLVED, That the Transportation Trades Department, AFL-CIO, initiate and support legislative efforts to increase Federal financial commitment with a dedicated tax to our nation's mass transit programs, insure the continuation of employee protective guarantees in such legislation, and seek limitations on present Federal policies fostering the privatization of public mass transit services.

October 3, 1990

# Economic Policy Institute

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HOLD FOR RELEASE

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## Study Finds Reagan/Bush Policy Forcing Privatization of Transit Systems Results in Deterioration of Service and Often Higher Costs

*Washington, DC* -- A new study released today by the Economic Policy Institute finds that the Reagan and Bush Administrations' policy of using federal transportation funds to force communities to "privatize" their mass transit systems, while producing profits for private contractors, is causing the deterioration of urban transportation services and hindering the freedom of choice of local public officials in their efforts to reduce traffic congestion, save energy, reduce pollution, and promote economic development. Although the stated goal of this new transit "privatization" policy is to reduce public costs of providing transit services, the study finds no evidence that the Reagan-Bush privatization policy has actually saved money either for the communities affected or for the federal government. In fact, the authors find that it is probably *increasing* the costs of mass transit by instituting a less efficient use of public resources.

Since 1984 the official transportation policy of both the Reagan and Bush Administrations has sought to encourage "privatization" of local public transit systems. Communities seeking federal funding for mass transit are now required to demonstrate that they are actively encouraging private firms to take over part or all of the provision of transportation services.

The report, ***The Emperor's New Clothes: Transit Privatization and Public Policy***, released today by the Economic Policy Institute, finds that for the past five years, the funding decisions of the Department of Transportation's Urban Mass Transportation Administration (UMTA) have been guided by an ideological belief in the virtues of privatization which is "so strong that UMTA opts for private contracting even when it is *prima facie* more expensive than public provision." The authors, transportation policy experts Elliott Sclar, K.H. Schaeffer and Robert Brandwein, conclude

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that "federally ordered privatization, initiated in Washington and forced on local and state governments is not in the best interests of either the nation's commuters or its taxpayers."

The three authors of the EPI study have all studied and published widely about transportation systems and transportation policy. Elliott D. Sclar is an economist who is currently Professor of Urban Planning at Columbia University. K.H. Schaeffer is a consultant specializing in transportation and cost problems and was formerly on the staff of the U.S. Transportation Systems Center, the Mitre Corporation, and SRI International. Robert Brandwein is an economist with Policy and Management Associates of Boston and has been a consultant to several urban transportation systems, including the Chicago and Boston transportation authorities.

Their study quotes from UMTA policy documents to show that the Reagan and Bush Administrations, in adopting the goal of privatization in transportation policy, have attempted a far reaching policy change: they are attempting to use the power of the federal purse to force the balance of direct transport service provision away from local public agencies and towards private, for-profit operators. The study examines history to show that the new policy represents a fundamental change from the pragmatic approach which, since the earliest days of the Republic, has guided the choice between public and private transportation systems. They conclude that UMTA's privatization policy has undermined the historic goal of ensuring a healthy and functioning transportation infrastructure and has replaced it with the goal of reducing the public funds devoted to public transit.

Sclar, Schaeffer, and Brandwein also question the fundamental premise on which the Reagan-Bush transit policy is based: the claim that privatization saves money. While advocates of privatization base this assertion on the textbook model of a large number of small private firms competing to offer better service at a lower price, the authors of the EPI study show that, in the real world, most of the successful private operators are large, multi-product firms, not smaller local competitors.

The study demonstrates that once a local or state transportation authority has signed a contract with one of these private firms the

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relationship becomes one of contractual monopoly rather than intense competition. It describes several instances of contractors failing to live up to the terms of their contract and using political influence to renew contracts without competition and to reinforce their position with the contracting authority.

When contracting is examined against these real world dynamics, the authors conclude, the market for contracted services operates less like textbook competition and more like textbook monopoly or oligopoly, in which prices are driven as much by relative bargaining power and political considerations as by underlying production cost. Contrary to the claim that privatization will lessen the political factor in operating urban transportation systems, they cite developing experience which suggests the opposite is true.

The study warns that if a public authority is forced to produce cost reductions through contracting to private companies, the goal is likely to be achieved through a reduction of public services or the deterioration of the capital equipment available for future service. The authors point out that when a public authority operates a public transit system, its managers and workers feel a direct pressure to provide good service from their customers who are the riders and citizens, but when a private firm operates a route on a transportation system, its customers are not the riders but the public authority with which they have signed the contract and the politicians who can shape it. The study finds that responsiveness to public complaints or making investments aimed at increasing ridership make no sense to a private firm dedicated to reducing the cost of minimal compliance with the contract.

Sclar, Schaeffer, and Brandwein note that virtually all advocates of privatization envision cost savings and efficiency improvements to be gained by reducing labor costs. "If contractors using low paid (non-union) workers can provide service on routes now being staffed by better paid (often unionized) public employees, won't it be more cost-effective for the entire system?" the privatization advocates argue. The authors of the EPI study take up this question and find that the workers provided by private contractors are indeed usually paid less than public employees. As a result, they find, contractors are usually unable to attract experienced

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workers: lower paid private workers tend to be less dedicated to public service and less reliable; and because both wages and benefits are less attractive, turnover tends to be higher. As a result, the study finds reducing labor costs through contracting tends to impact the overall functioning of transit systems in the following ways:

- absenteeism and unreliability of performance raises costs for back-up employees or else reduces the quality of service, thus eroding ridership;
- maintenance costs tend to rise or service suffers as maintenance is done badly or deferred;
- costs of supervision increase and coordination functions become more and more complex;
- accident rates tend to increase, resulting in human, financial, and commercial costs to the transit system and to the overall community;
- since workers are not public employees, they cannot be transferred to other routes not covered by the private contract, decreasing the flexibility of the system and reducing the community's ability to respond to emergency situations;
- the overall economic health of the community suffers through the erosion of the efficiency of the community's transportation system.

The EPI authors cite a recent study by Don Pickrell which found that between 1970 and 1980 wage increases accounted for only 25 percent of the total increase in public transit deficit. The Pickrell study also shows that decreasing labor productivity accounted for 18 percent of deficit increases, but the EPI authors note that since the technology employed in public transit has not improved much since the 1920s, there have been no technological improvements in transit to offset the higher wages which employees need to keep pace with living costs as they perform essentially the same job. They also note that expansion of most transit systems to accommodate increased peak hour travel (a desirable public objective) requires a larger expansion of the work force than the resulting increase in transit miles. Thus, they find that measurement of worker productivity (transit miles per employee hour) has been reduced as an inevitable result of a sensible transportation policy designed to increase ridership, reduce

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pollution and congestion and save energy.

Note: the other factors Pickrell found to be causing transit deficits to rise:

- Decrease in real fares (adjusted for inflation) were responsible for 28 percent of the deficit increase;
- Increased transit mileage accounted for 16 percent;
- Increases in energy costs caused 12 percent of deficit increases.

The findings presented in ***The Emperor's New Clothes*** are sure to be of interest to officials of the Bush Administration, especially Secretary of Transportation Samuel K. Skinner. The Department of Transportation under Skinner has generally continued the Reagan Administration policy of using UMTA funds to push privatization on states and cities, but Skinner is now hard at work developing a new National Transportation Policy which the Bush Administration plans to release sometime in early 1990. If Skinner proceeds with plans to solicit recommendations from cities and states and from public transit riders, local community, business and labor organizations, he is likely to hear present policy challenged by leaders of many of these groups citing the analysis and findings presented in the Economic Policy Institute report.

The Urban Mass Transit Administration has financed many empirical studies with the goal of demonstrating that privatization saves money. *The Emperor's New Clothes* examines the most detailed and widely-quoted of these, *Public Transit Service Contracting* by Teal, Giuliano, and Morlok (1986) which is based on a nationwide survey of transportation contraction by public services. They find that most of the study's comparisons between private contractors and public agencies of similar size involve too few numbers of cases to yield generalizable results. In the one category with enough cases examined -- systems with 25 or fewer vehicles -- the study shows that private contractors had no cost savings over public agencies.

The authors of the EPI study cite other methodological flaws which they claim characterize the entire UMTA approach to comparing costs of public and private systems:

- They find that the UMTA studies attempts to compare public systems' "fully allocated" costs for a given route, which includes a share of the

costs of planning, programming, financing, marketing, monitoring, and coordinating the entire transportation network, with private bids reflecting only the costs of providing one route;

- They compare the allocated cost of running a public system to the initial bid by a private contractor, even though it is a common practice for companies to underbid to get the first contract and capture the market while eventually passing on to the public the real cost of actual private operation;
- UMTA's analysis also never considers the cost savings that accrue to the private contractors from equipment furnished by the public agency sponsors.

**Study cites negative impacts of new policy in several communities.**

The EPI study describes several cases in which UMTA rules placed a higher priority on increasing private operation than on efficiently using public money. In these cases UMTA pressure either forced community or state agencies into contracts which they later regretted or in which UMTA influence was resisted only by the insistence of a strong public administrator who saw the bad deal with private contractors before it became a signed contract.

1. Santa Barbara

The EPI report quotes Gary Gleason, General Manager of the Santa Barbara MTD, who described how he had to resist pressure from UMTA (and from private contractors protesting through UMTA channels) to give a contract to a private firm for 20 percent of the city transit system even though he estimated that the proposed contract would result in an additional cost of $600,000 over and above the cost of running the system publicly.

2. New Orleans

The authors report that in early February 1988, the Regional Transit Authority (RTA) of New Orleans, in order to conform to UMTA's policy of privatization, awarded a three-year contract to a consortium of Greyhound Lines, Inc. (of Texas), and Airport Rhodes, Inc. (of Louisiana), for $3,922,364 to provide 56,045 hours of service along five of its routes in and around New Orleans.

Consistent with UMTA policy, the decision was made on the basis of

comparing RTA's fully allocated costs with the bid prices of the various proposers. Even though the Greyhound consortium bid on the basis of only its incremental cost, the EPI authors present an analysis which demonstrates that in fact the Greyhound price was higher than the fully allocated costs of the former service. The authors conclude that the only savings to Louisiana taxpayers in this UMTA demonstration comes at higher cost to U.S. taxpayers, who end up footing the bill for the UMTA grants that subsidize the project and make it appear as a "savings."

3. Sonoma County, California

Among the troubling examples cited by the EPI report is the case of the Sonoma County Transit (SCT), in which it is alleged that UMTA policies were susceptible to political pressure which resulted in eliminating the low cost bidder from competition. Using competitive bidding, SCT had sought to award a new three-year contract to a public provider, the Golden Gate Bridge and Transit District (GGBTD). GGBTD offered to provide the three-year service for a cost of $5.5 million. This bid favorably compared to that of the lowest private bidder, American Transit Corporation's (ATC) bid of $5.9 million. Nevertheless, in response to a protest from the California Bus Association, a lobbying and political arm of the private operators, UMTA forced SCT to award the new contract to ATC, and not to the public operator.

4. Colorado

In May 1988, the State of Colorado passed a law requiring the Denver Regional Transportation District (RTD) to privatize at least 20 percent of its bus service as of March 31, 1989. This is the first time in which an attempt is being made to go beyond privatization of new or revamped service, to apply the policy to existing service. The law's preamble makes quite clear that the legislators relied on UMTA's research. It states that "public transportation service should be provide at the lowest possible cost [and]... private transportation providers have been effectively used under competitive contracts to provide transportation services at lower cost and with lower annual cost increases.

After examining the restrictions this new law places on the Denver system, the EPI report concludes that it will have the following negative effects:

- because of its exclusive focus on reducing costs the bill moves away from the broader view of the potential of mass transportation to serve as a tool of urban or environmental policy;

- RTD will have to significantly increase its contract supervision and

auditing capability. With no additional funding provided, that change can only come at the expense of existing operations;

- If the performance of the transit system has to hinge on the coordination of multiple independent private contractors, each under its own pressures from breakdowns and other problems, absenteeism, etc., it seems inevitable that the efficiency of the entire system must diminish;

- Lower driver and mechanic wages, however, have an implicit cost in greater turnover and increased absenteeism, higher training costs, and less system reliability and safety. That, in turn, means that transit riders no longer receive the same product. Decreased reliability at the time that we are trying to increase ridership appears to be a wrong-headed policy.

- The biggest enigma created by the law is the provision that allows qualified firms not in need of subsidy to operate anywhere in the district, exempted from taxes and public utility regulations. The impact of this provision is unknown, but havoc and destructive competition is more likely to result than an effective metropolitan wide transit service.

The authors' comments on the Colorado law represent a capsule summary of their entire criticism of transit privatization:

> "The basic problem with the Colorado law is its heavy-handed ideological approach to a complex public policy issue. Some purchasing of transportation from private providers by the larger public agencies has always made sense, and has occurred in most larger agencies. But the agency should have the right to exercise a responsible make/buy decision. Agencies should not have an important economic decision dictated by arbitrary ideological and political considerations. Contracting might be thought of as we think of aspirins: two can cure a headache, but the whole bottle will kill you."

*From ATU In Transit, March-April, 1991:*

## Colorado Legislature Rejects Added Privatization After Study Reveals Initial Experiment Cost Taxpayers $9.1 Million

Denver's privatization experiment in which 20 percent of its transit system was contracted out to private companies has proven more costly to taxpayers than the public system, and the Colorado legislature has rejected proposals to expand the experiment. The decision, however, comes in the wake of an attempt by the system to play with the numbers

A November audit of the experiment which estimated the loss at $3.7 million was quickly revised in December to make the loss seem to be only $1 million.

### Revised at Urging of Privatization Proponent

In a subsequent study by the Economic Policy Institute, author Elliott D. Sclar, Ph.D., puts the actual figure at $9.1 million.

He also reveals that between the *first* "final report" and the "*revised* final report" auditor Peat Marwick employed a questionable "fully allocated cost accounting method" and speculated on future cost reductions to predict dubious future "savings" rather than the *loss* reported in the *first* report.

Peat Marwick also conceded that the revised final report resulted from the criticism of Wendel Cox, a nationally-recognized proponent of privatization.

In testimony before the Colorado Senate Transportation Committee, Sclar asserted that the revised final report "is factually incorrect when it asserts 'that the results...clearly demonstrate that...private contractors have... provided comparable bus service ...at a substantially reduced cost.'"

### Hidden Costs

Sclar also urged that future evaluations of the experiment consider the hidden costs incurred when private out-of-state companies provide public transportation with poorly-paid workers.

Sclar pointed out that a family of three subsisting on the salaries paid by the private company would qualify for food stamps, and that the state would incur a $2,400 yearly health risk per individual.

Sclar also urged the state to consider the $200,000 loss that the contractors swallowed on the experiment, as well as the wisdom of depressing the wages of workers in state while paying high fees to out-of-state concerns.

Local 1001 and the International won the fight against a proposal that would increase privatization there by an added 20%.

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FEB 15 1991

February 11, 1991

Mr. Jack McCroskey
Chairman, Board of Directors
Regional Transportation District
1600 Blake Street
Denver, Colorado 80202

Dear Mr. McCroskey:

Performance Audit of Privatization of RTD Services

At our presentation to the RTD Board of Directors at its meeting of January 29, 1991, you requested that KPMG Peat Marwick provide additional comment on the appropriateness of fully-allocated and incremental cost analyses in comparing the cost of transit service by public versus private sector providers. In this letter we expand on our statements before the Board and our revised Final Report.

The Case for Fully-Allocated Cost Analysis

UMTA's Private Enterprise Policy (Federal Register, Vol. 49, No. 205) requires that privatization cost analyses be performed on a fully-allocated basis. The argument for such analyses is the theory that in the long-term all costs are directly related to the quantity of service provided. Simply stated, fully-allocated analysis assumes that for each "x" percent reduction in service, an equivalent "x" percent theoretical reduction in cost will occur. In our cost model, we achieved this by associating with each line item in the RTD budget a "driving variable" related to the quantity of service provided. These driving variables included buses operated in the peak period, peak and off-peak platform hours, and vehicle-miles, by type of vehicle.

Much of argument in favor of fully-allocated cost projections evolved in the context of analyzing major public transportation investments (e.g., new fixed guideway services). It was UMTA's observation that when major expansion of transit service was being addressed, planners tended to understate the growth in administrative and capital rehabilitation and replacement costs. UMTA had observed many examples of significant growth in administrative staffing as new rail transit systems were implemented. Further, many of these new transit system, now approaching 20 years of service, are now

experiencing the need for significant renewal of vehicles and fixed plant.

There are convincing arguments that such a fully-allocated approach is not appropriate in the context of contraction of transit service, as in the case of privatization. In this context, many of the underlying administrative functions and investment in fixed assets are already in place. Many of administrative functions are not directly related to the quantity of service provided. Reductions in service level, therefore, may not be associated with proportionate reductions in administrative cost.

UMTA guidelines (quite properly, we believe) do allow for the exclusion of certain capital-oriented costs not directly associated with the provision of transit service. In RTD's case, this included costs in the transit planning and development function. In addition, UMTA has acknowledged that, in an effort to "level the playing field", certain operating functions (and associated costs) may be excluded from the analysis if the contractors are not responsible for provision of such functions. In RTD's case, there were many administrative and operational functions that RTD continued to provide regardless of who provided the transit service. In our contract with RTD to develop the cost model used in this analysis, these were referred to as "retained functions". Such costs were not included in our cost comparisons.

The Case for Incremental Cost Analysis

Incremental cost analysis recognizes that certain cost components are not, in fact, directly related to the quantity of service provided, at least in the short-term. In particular, many administrative functions simply have not be observed to decline proportionate to the extent of privatization. Further, capital investment in vehicles, maintenance facilities, and other fixed plant are a "sunk cost" and, as such, are not affected by privatization decisions.

With regard to administrative costs, our estimate of incremental cost savings was based on an analysis of the reduction in RTD's "Category 1" administrative costs (excluding the "retained" functions) from the 1989 (pre-privatization levels) to the levels in the 1990 amended budget and the 1991 recommended budget. It is our understanding that historically RTD has achieved its amended budgets, which are prepared based on third quarter financial results. Further, we understand that both the 1990 amended budget and the 1991 recommended budget reflect the implications of RTD's voluntary separation program for salaried employees. Our analysis indicated that achieved reductions in 1990 and projected (and likely to be achieved) reductions in 1991 in Category 1 costs are much smaller than the theoretical fully-allocated reductions based on the quantity of service privatized. This is despite the aggressive actions by the RTD Board and management to contain such costs, including the voluntary separation program.

Beyond the limitations in the theory of the cost analysis, there are other compelling, practical reasons for avoiding a longer-term perspective when considering contracted transit services. RTD's contracts with private providers are relatively short-term in nature, with a three-year base term and two one-year options, to be pursued at RTD's initiative. It is unclear whether prices in future proposals (either after the term of the current contracts or in response to further privatization initiatives imposed by General Assembly) will be as favorable to RTD as those currently in place. Our analysis, which indicates that the contractors were operating at a loss through June 30, 1990, suggests that prices may be higher in future proposals. It may very well be that accurate long-term estimates of savings resulting from privatization may not be possible to compute because of the uncertainty in the proposed prices of the contractors. Beyond actual cost experience, the contractors price is in response to the competitive environment and proprietary goals regarding positioning in the market place. Neither of these factors is predictable.

Conclusions

Incremental cost analyses yield hard "out-of-pocket" estimates of savings that are useful in real world decision-making. Fully-allocated cost analyses are based on theoretical, longer-term cost estimates that assume that management has complete flexibility in its staffing decisions and capital investment in response to the quantity of service provided. In fact, such flexibility does not exist. Fully-allocated analyses do not address the real world staffing decisions by management in response to governance board policy and local, state, and federal legislative and regulatory mandates. Further, fully-allocated analyses do not consider capital investment as a "sunk cost", unaffected by relatively short-term privatization decisions by management.

Based on the considerations raised above, it is our conclusion that management decisions regarding the real "out-of-pocket" savings to be derived from privatization should be based on an incremental analysis. Incremental cost analysis address measurable savings, achieved within the short-term (three to five year) context of the current privatization contracts. Fully-allocated cost comparisons infer that long-term theoretical savings in administrative costs actually occur in the short-term, an outcome that has not been demonstrated.

We recommend that, in the short-term context of its current (and potential future) contracts with private providers, RTD continue to estimate the savings resulting from privatization on the basis of incremental costs.

. . . . .

If you have any further questions concerning this matter, please feel free to contact the undersigned or Raymond Ellis at 703-442-0030.

Very truly yours,

Robert L. Peskin, Manager

91-115 E
January 28, 1991

CRS Report for Congress
Congressional Research Service • The Library of Congress

# Billboards Along Interstate and Federal-aid Primary Highways: Why No Reliable Estimates of Their Number Exist

Bruce K. Mulock
Specialist in Business/Government Relations
Economics Division

## SUMMARY

This report examines the question of how many billboards currently exist along side the Nation's major highways. More specifically, this report discusses the data limitations and other problems associated with developing an estimate of the current number of billboards situated in proximity to Interstate and Federal-aid Primary Highways.

Notwithstanding data limitations and other problems, however, information from the Federal Highway Administration — coupled with the judgments of knowledgeable industry sources — suggest that an estimate of roughly 425,000 to 450,000 billboards may be reasonable.

## BACKGROUND

For the sake of clarity, it may be helpful to define several industry terms. Billboards are a part of what has historically been termed "outdoor advertising."[1] The outdoor industry has three principal categories of structures: poster panels, painted bulletins, and one-of-a-kind spectaculars. "Posters" are what most people think of when they talk about a typical highway billboard. Posters come in several sizes. The standard size is about 300 square feet or approximately 12' X 24'.[2] "Painted bulletins" are considerably larger, measuring 642 square feet or approximately 14' by 48'. Such signs are individually designed and painted. Signs in the third category are called "Spectaculars."

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[1] Increasingly in recent years, outdoor advertising has come to be viewed as part of a more comprehensive segment of the advertising industry termed "out-of-home media." In addition to the kinds of structures listed above, out-of-home media includes such things as freestanding displays in shopping malls and ads on trash containers as well as a host of transit-associated advertising.

[2] There are also several (considerably) smaller-sized posters available in some markets, but they are most often used for pedestrian traffic or secondary roads.

CRS

*CRS Reports are prepared for Members and committees of Congress*

Spectaculars are custom-built displays. They are typically much larger that painted bulletins and they often use extensive lighting and intricate designs.

## ESTIMATED NUMBER OF BILLBOARDS

How many billboards are there in the United States on the country's Interstate and Federal-aid primary highways? Neither industry nor government data provide a reliable answer to this question. In the private sector, data collection associated with the outdoor advertising industry is fragmented, and the types of data collected are for purposes unrelated to answering this question; thus, such data are generally not helpful in developing a reliable estimate. Similarly, statistics developed by the 50 States and compiled by the Federal Government do not address the question. As a result, it appears that no accurate inventory exists as to the total universe of billboards in the United States or to the number of billboards on any particular type of highway.

The problems of data collection within the industry are, perhaps, best illustrated by examining the operations of the Traffic Audit Bureau for Media Measurement (TAB), the principal firm in the United States which verifies circulation figures for companies that pay to advertise on billboards. [3] TAB, by its own estimates, audits 60 to 65 percent of bulletins in major markets. Overall, it has data on some 210,000 posters and 50,000 painted bulletins. The data, however, is categorized in terms of "poster or bulletin" and "illuminated or not illuminated." They have no reason to collect and, therefore, do not collect data which would indicate the kinds of highways (e.g., interstate, primary Federal-aid) on which the signs are located. A spokesman for TAB said that such data exists only to the extent that in some markets some people could look at TAB's records and say, for example, that a particular sign is located on Highway 21, which is a Federal-aid highway.

Aggregate national figures concerning billboards are compiled by the Federal Highway Administration (FHWA), based on numbers reported by the 50 States (as well as the District of Columbia and Puerto Rico). The interests of the State highway departments and FHWA in billboard-related data, however, is strictly limited: fulfilling their responsibilities as mandated by the Highway Beautification Act. Under the Act, they are only required to maintain statistics on "nonconforming" and "illegal" signs. Determining the number of signs that conform with the Act (as well as the number of "grandfathered nonconforming signs") is not part of their regular data collection process.

Further, it must be noted that the quality of the data FHWA does collect is, according to several sources, suspect. The General Accounting Office (GAO), for one, expressed concerns about the agency's data. In a 1985 report on the

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[3] The current TAB is a restructured organization resulting from the merging in early 1990 of the Traffic Audit Bureau and the Out-of-Home Measurement Bureau. Prior to the merger, TAB was for many years the industry auditing service for the so-called big boards; the Out-of-Home Measurement Bureau, an auditing service of more recent origin, focused on the smaller "8-sheet boards."

effectiveness of the outdoor advertising control program, GAO said it "relied on these FHWA data because they are the only available comprehensive figures on the status of outdoor advertising control. As previously mentioned, however, we are concerned about the reliability of FHWA data. . . ."[4]

To reiterate, no conclusive figure exists as to the total number of billboards on Interstate and Federal-aid primary highways; nevertheless, available data from FHWA — coupled with the judgments of knowledgeable industry sources — supports an estimate that there are a minimum of 425,000 to 450,000 such signs. Table 1 shows the number of signs by various categories for selected years from 1966 through 1988. Assuming the number of "CONFORMING & NC GRAND" (i.e., "conforming" and "non-conforming grandfathered") increased during 1987 and 1988 at the same rate (6.18 percent) that it did between 1985 and 1986 (the last two years for which data was collected in this category), the figure for 1988 would be 289,227. When this figure is added to the 138,011 in the "NONCONFORMING TO BE REMOVED" and "ILLEGAL" categorie, the estimated total number of signs for 1988 would be 427,238.

TABLE 1. CONFORMING, NONCONFORMING AND ILLEGAL SIGNS

| Fiscal Year | (a) Conforming & Nonconforming Grandfathered | (b) Nonconforming To Be Removed | (c) Illegal | (b & c) Nonconforming To Be Removed And Illegal | (d) Total |
|---|---|---|---|---|---|
| 1966 | 260,659 | | | 839,361 | 1,100,020 |
| 1979 | | 186,720 | 92,839 | 279,579 | |
| 1980 | 195,873 | 149,825 | 64,509 | 214,334 | 410,207 |
| 1981 | | 138,122 | 54,330 | 192,452 | |
| 1982 | | 128,558 | 50,032 | 178,590 | |
| 1983 | | 123,827 | 47,752 | 171,579 | |
| 1984 | | 120,636 | 47,204 | 167,840 | |
| 1985 | 241,608 | 115,488 | 43,753 | 159,241 | 400,849 |
| 1986 | 256,539 | 109,183 | 36,340 | 145,523 | 402,062 |
| 1987 | **272,393** | 104,984 | 33,431 | 138,415 | **410,808** |
| 1988 | **289,227** | 104,674 | 33,337 | 138,011 | **427,238** |

Note: Bolded figures are projected estimates based on an assumed growth of 6.18 percent for 1987 and 1988 in number of "Conforming & NC Grand" signs. The 6.18 percent change represents the increase in the number of "Conforming & NC Grand" signs from 1985 to 1986 (1986 being the most recent year for which data is available). The projected figures for 1987 and 1988 assume that the rates of increase for those years held constant at 6.18 percent. Also note:

- Conforming and Nonconforming Grandfathered Signs are not subject to removal;

[4] U.S. General Accounting Office. *The Outdoor Advertising Control Program Needs to Be Reassessed*. Report to the Congress by the Comptroller General of the United States. GAO/RCED-85-34, January 3, 1985. p. 14.

- Nonconforming Grandfathered Signs are subject to the maintenance and continuance rules for conforming signs;
- Nonconforming Signs are subject to removal with payment of just compensation;
- Illegal Signs are subject to removal without payment of just compensation.

Source: Federal Highway Administration and CRS.

RTD

STATEMENT OF ALAN F. PEGG,
MANAGER, SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT

# THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT'S TESTIMONY BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES SUBCOMMITTEE ON SURFACE TRANSPORTATION APRIL 10, 1991

Chairman Mineta, Congressman Shuster, Members of the Subcommittee, it is truly a pleasure to testify before you today. The Reauthorization of the Surface Transportation Assistance Act provides the Congress with the opportunity to set the agenda for transit for the next five years. The Surface Transportation Subcommittee and the entire Public Works and Transportation Committee have shown through the recent proposal on transportation funding levels, that you are committed to improving the transportation system of this country with mass transit as a major entity in that improvement.

The SCRTD is one of the largest transit operators in the country. The District provides vital transit service to 1.4 million daily riders residing in 87 cities with a peak fleet of nearly 2,000 buses. A recent UMTA report shows that not only do our buses operate more miles per day than any other system in the country, but our passengers receive more service for the fare than any other system.

The District also operates 54 light rail vehicles on Los Angeles' new Metro Blue Line which opened in July 1990. The Blue Line's success is demonstration by daily ridership of 25,000 passengers. The SCRTD will also operate the Metro Red line subway when it opens in mid-1994.

The SCRTD leads the country in the development of alternatively fueled public transit vehicles. The District operates one-half of the nation's alternatively fueled bus fleet and is the only operator to successfully place alternately fueled buses in revenue service and achieve standards comparable to diesel. By the end of 1990, more than 70 alternatively fueled vehicles will be placed in revenue service. The District also manages the largest alternative fuels research and facility for transit in the world.

Recent world events demonstrate the importance of transit in reducing this country's dependency on foreign oil. The Persian Gulf Crisis reminded us of our dependency on foreign oil and the fragile political tightrope we walk between mobility and stagnation. Every driver who switches to transit saves an average of 200 gallons of gasoline each year. Transit is assisting in reducing our dependency.

Our challenge is great. We must develop a national transportation system that will attract new ridership. In Los Angeles County the SCRTD is moving 1.4 million people a day on our buses and 25,000 a day on the Metro Blue Line. The start up of the Metro Green and Red Lines in 1993-94 will assist Los Angeles in meeting this challenge. Many more steps will need to be taken before a national system is in place that provides the public with a complete intermodal system. Mass transit will be the backbone of this system.

**OPERATING ASSISTANCE**

As the transit industry has grown over the past ten years, it has struggled to meet ever increasing demands with a shrinking commitment in federal investment.

In 1980, federal operating assistance made up 47.3% of the SCRTD's total operating assistance subsidy. Today only 15.6% of our operating assistance comes from the federal government. (Please see Attachment 1). The federal government, however, remains a vital funding partner in the provision of local transit services.

If Section Nine operating assistance were eliminated the SCRTD would be forced to take one of two actions. Our first option would be to cut service by approximately 16 percent. This action would result in a loss of service to over 200,000 daily riders.

Our second option would be to raise fares. A 5 cent fare increase will generate approximately $10 million. To make up a loss of $48 million in federal government funds would require a fare increase of 50 cents.

An important factor to keep in mind is that with this fare increase, the SCRTD would lose 5 percent (approximately 21,000,000 passengers) of its total annual ridership of 412,000,000.

At the same time that we saw a steady decline in the federal governments investment, the voters of Los Angeles County have passed two sales tax increases over the past decade to pay for transit improvements. In the past year, Los Angeles County voters increased their investment by over 70 percent with the passing of Proposition C a half cent increase in the local sales tax dedicated to transit.

Reauthorization must contain a guaranteed continuation of operating assistance to the urban areas over 1 million people. These are the areas where the battles of congestion, clean air and accessibility will be hardest fought. Federal assistance is absolutely essential if we are to win this battle.

CLEAN AIR

The importance of federal investment in mass transit was highlighted by the passage of the 1990 Clean Air Act amendments by the 101st Congress. The Act posed stiff challenges for mass transit, but challenges that can be met if the proper tools are provided.

Every member of the Subcommittee has received a copy of a study conducted by the SCRTD on the cost impacts of alternative fuels. This survey encompassed 18 of the nations largest transit districts, who collectively operate 22,000 of the 39,000 buses that will be impacted by the Clean Air Act. A copy of the survey is attached for your additional review (Please see Attachment 2).

Governmental policy guidance, as it pertains to meeting clean air regulations for the development of an energy-independence strategy, sometimes appears contradictory in that the least-cost approach of achieving clean air may or may not involve the use of alternative fuels. Alternative fuel development can be used to achieve energy independence for this country as well as achieving improved environmental goals. Moreover, the total cost of implementing any of these technologies must include:

- the cost of providing necessary infrastructure
- the cost of rolling stock
- the added cost of alternative fuels
- the added cost of maintenance
- the additional fleet cost, should alternatively fueled vehicles prove less durable than diesel powered buses over the long haul.

All of the alternative technologies are more expensive than the present cost of operating a diesel fleet. We have some data on experimental reformulated diesel fuels and their effects on emissions. I do not believe that their use by themselves will meet the diesel emission standards. Our dilemma is that we feel that the growth of mass transit is very much a part of the clean air solution, and there are obviously things that we can do through these various technologies which promote clean air and the use of alternate fuels. Each of these strategies comes with a price tag that is significant. Nowhere is there financial assistance available to our industry to offset these costs.

As a public transportation agency, we recover approximately 40 percent of our costs through the farebox. A significant number of our patrons are financially impacted by fare increases and we are the safety net transportation resource for the disadvantaged. It is difficult to imagine the disadvantaged paying for the introduction of all this new technology since they are the least able to do so. The many infrastructure demands that we all face are competing for available funds. How we find the funds to accomplish all of these goals is going to determine how fast we can meet them.

The SCRTD is one of the most technically sophisticated operators in the country and is faced with the dilemma of allocating scarce resources to meet clean air mandates. In the Los Angeles area, the Air Quality Management Plan will move Los Angeles towards alternate fuels and electric development across the board by the year 2000. Less sophisticated larger and smaller properties will be faced with a much greater challenge. The SCRTD, however, will continue to explore various options including public/private sector partnerships.

In short, alternate fuels <u>can</u> be made to work in a transit environment if the goal is energy independence. This will be achieved at a significant financial cost to develop the infrastructure and to defray the additional operating expenses associated with these technologies.

If operators are to meet the goals of the Clean Air Act as mandated by Congress, then I would strongly urge that language be approved in the Reauthorization Act that would make additional federal funds available to offset the incremental cost of meeting the new Clean Air Standards. While we cannot quantify those additional costs today for all transit operators, we at SCRTD know with a growing certainty that they will be significant. And we know too, from past experience that placing that additional burden on the farebox will do precisely what we don't want to do --- drive the public from mass transit back to their cars and thereby add to the pollution problem the Clean Air Act is designed to solve.

**<u>AMERICANS WITH DISABILITIES ACT</u>**

The 101st Congress also saw passage of the Americans with Disabilities Act which will of necessity severely impact mass transit. How severely we cannot say until the Department of Transportation releases its final regulations, but we can provide the Subcommittee with some insight to what we at SCRTD perceive the impact to be.

The SCRTD currently operates a fleet of 2500 buses that is 98% accessible. We will be 100% accessible by the end of 1992. Even though the SCRTD has been in the forefront of providing accessibility to all transit riders, we will be severely impacted by the implementation of the ADA. The following is a breakdown of the financial impacts the ADA will have on the SCRTD:

- o Start up one time cost
  - ADA Transit Improvement Program
    $ 7,450,000 to 10,800,000
- o Annual On-Going Costs
  - Current Program
    $ 3,320,000
  - ADA TIP Additional Cost
    $ 3,125,000 to 4,100,000
  - Paratransit Operating Cost (Channeled away from SCRTD)
    $35,000,000 to 100,000,000
  - Total Annual On-Going Budget
    **$38,945,000 to $107,420,000**

Again I would stress that these are only estimated costs that cannot be finalized until DOT releases its final rules and regulations regarding implementation of the ADA.

Please note that these cost reflect those that would impact the SCRTD. Many of our sister transit agencies will face a much graver financial impact as they modify older rail facilities to meet the new accessibility standards.

If operators are to meet the goals of the Americans with Disabilities Act as mandated by Congress, then I would strongly urge that language be approved in the Reauthorization Act that would make additional federal funds available to offset the incremental cost of meeting the new Accessibility Standards. While we cannot quantify those additional costs today for all transit operators, we at SCRTD know that they will be significant. And we know too, from past experience that placing that additional burden on the farebox will do precisely what we don't want to do --- drive the transit dependent public from mass transit.

**FLEXIBILITY**

We understand that the above costs exceed the available dollars. Several ideas have been advanced as to how we may stretch the existing federal dollars and provide a source of additional financing. First and foremost, the concept of permitting local transportation entities to switch federal highway funds to transit has great promise for the urban areas that are not yet in compliance with the emission mandates of the Clean Air Act. However, we feel that it would be imprudent to jeopardize existing funding levels. Flexibility, therefore, should begin after operators receive their Section Nine Operating assistance and Section Three discretionary dollars. These funds are vitally needed to permit operators to meet the daily demands of providing service. Flexibility would have the potential to provide the additional funds needed to meet the Clean Air and ADA Mandates.

**CONCLUSION**

The 1990s provide the country with an opportunity to put mass transit back on course and on an **even playing field** with the highway program. This can only be done by reversing the disparity between funding for the highway program and mass transit. (Please see Attachment 3)

The proposal put forward by this committee is a step in the right direction. Mass transit is faced with many challenges over the next decade. They are challenges that we as an industry feel we can master if given the proper resources to do so.

I appreciate the opportunity to present our position before you today and for your continued leadership during the reauthorization period.



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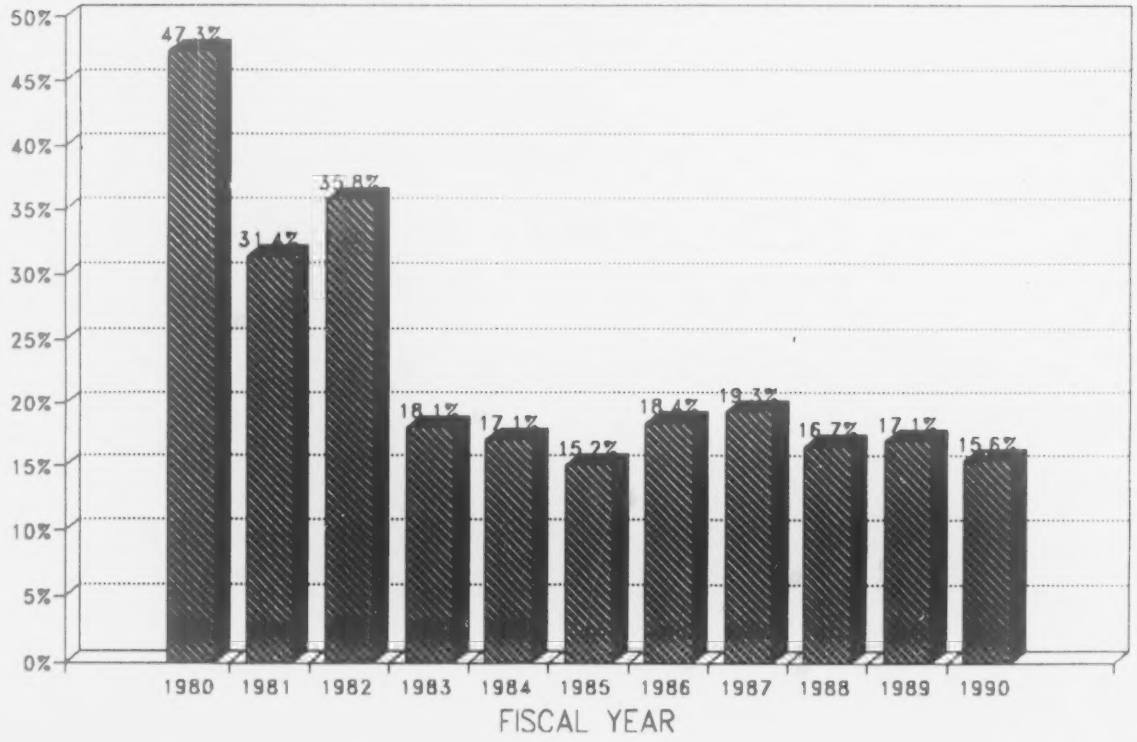
ATTACHMENT 1

# SO. CALIFORNIA RAPID TRANSIT DISTRICT
# FED OP ASSIST AS A % OF TOTAL OP ASSIST



ATTACHMENT 2

# Cost Impacts of the 1990 Clean Air Act on the U.S. Transit Industry

A survey by the Southern California Rapid Transit District (SCRTD)

RTD

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**ESTIMATED COSTS OF THE 1990 CLEAN AIR ACT**

**FOR ALTERNATIVE FUELS AND LOW EMISSIONS TECHNOLOGY**

| | |
|---|---|
| FLEET COSTS[1]: | $7.4 Billion (diesel)<br>$9.3 Billion (methanol)<br>$9.9 Billion (CNG)<br>$8.0 Billion (particulate trap) |
| FUEL COSTS[2]: | $185 Million (diesel)<br>$536 Million (methanol)<br>$240 Million (CNG)<br>$228 Million (particulate trap) |
| FACILITY COSTS[3]: | $12 Million (Fuel storage system)[4]<br>$1.05 - $1.15 Million (methanol)[5]<br>$1.5 - $3.5 Million (CNG)[6] |

[1]*Total estimated cost for national fleet of 39,000 buses. Fleet replacement normally scheduled over 12 years; the Clean Air Act may accelerate replacement in some areas.*

[2]*Costs extrapolated to 1 billion miles for national fleet; data collected pre-Persian Gulf Crisis.*

[3]*Regional differences (municipal codes, environmental regulations and land acquisition requirements/prices) caused wide variances in survey results; therefore, no national conclusions were drawn for facility costs.*

[4]*Existing fuel storage systems at SCRTD will have to be either replaced or modified to meet new federal regulations for underground fuel storage tanks at a cost of $1.0 million per fuel storage system, or approximately $12.0 million for the SCRTD's 12 operating divisions.*

[5]*Added cost to construct a new methanol fueling facility at SCRTD.*

[6]*A new CNG fueling station for a large fleet operation (up to 250 buses).*

RTD

COST IMPACTS OF THE 1990 CLEAN AIR ACT

ON THE U.S. PUBLIC TRANSIT INDUSTRY

## SURVEY METHODOLOGY

Eighteen of the nation's largest public transit properties responded to the SCRTD's survey. These properties represent a total of 20,645 owned buses.

The survey made inquiries into three alternate fuels/low emissions related cost categories: 1) fleet costs, 2) fuel costs, and 3) facility costs.

These estimates were then extrapolated to represent all Metropolitan Standard Areas (MSAs) with populations greater than 750,000 and a national fleet of 39,000 buses traveling an estimated 1.0 billion miles per year.

Vehicle durability and overall maintenance costs were not included since adequate data are not yet available for this purpose.

RTD

# COST IMPACTS OF THE 1990 CLEAN AIR ACT ON THE U.S. PUBLIC TRANSIT INDUSTRY

## BACKGROUND

In the summer of 1990, the Southern California Rapid Transit District (SCRTD) conducted a survey of U.S. public transit properties to quantify estimated costs to convert from diesel buses to alternate fuel/low emissions buses.

The survey also evaluated the cost to purchase and operate an alternate fuel/low emission transit bus fleet. In addition to fuel and fleet costs, transit properties were asked to estimate the costs of constructing or upgrading alternate fuel fueling facilities. Code interpretations, land costs, and lack of specific design guidance resulted in a wide range of cost estimates; therefore, survey findings for this category are generalized.

The cost estimates identified in this survey are based on limited testing of new, R&D technologies. There is no mature or completely tested heavy-duty clean air transit bus technology currently available. With the exception of the SCRTD, which is operating various buses with all current technologies and has built methanol and compressed natural gas (CNG) refueling facilities, the survey results represent the best available cost estimates by various transit properties to convert their fleets based on their individual situation and local market availability of methanol, CNG and low sulfur diesel fuel. As the transit industry's experience with the new technologies increases, normal market pressure for lower costs and increased durability are anticipated.

This survey provides policymakers with the best available fleet data and cost estimates (as of summer 1990) to evaluate the impacts of the Clean Air Act on the U.S. public transit industry. The survey's findings demonstrate the urgent need for Congress to authorize and appropriate funds to comply with the federal mandates of the Act.

RTD

COST IMPACTS OF THE 1990 CLEAN AIR ACT

ON THE U.S. PUBLIC TRANSIT INDUSTRY

## DESCRIPTION OF FLEET COSTS

Transit fleet costs are usually associated with a 12-year bus life and replacement cycle. This means that the typical annual cash flow to replace a transit bus fleet could be the cost to replace 1/12 of the owned fleet each year. Under the clean air regulations that SCRTD operates under, these costs would be accelerated as we are obligated to achieve a goal of 100 percent conversion to low emission buses by the year 2000. As such, it will be necessary to increase bus capital spending to replace a given fleet in less than 12 years here at SCRTD. Local laws and conditions will affect these schedules on a national basis.

Based on the results of the survey, the estimated cost to replace a bus for each technology (1990 prices) would be: $190,000 for diesel, $238,000 for methanol, $254,000 for CNG and $204,000 for particulate traps. The total estimated costs for a national fleet of 39,000 buses would be $7.4 billion for diesel, $9.3 billion for methanol, $9.9 billion for CNG and $8.0 billion for particulate traps.

Based on SCRTD's experience with such technology, the estimated cost range for each alternate fuel bus is slightly lower than the survey except for particulate traps. Therefore, the following ranges of prices are estimated: a) methanol - the range is between $215,000 and $230,000 per bus, b) CNG - the range is between $230,000 and $240,000 per bus, and c) particulate traps - the range is between $200,000 and $211,000 per bus.

RTD

COST IMPACTS OF THE 1990 CLEAN AIR ACT

ON THE U.S. PUBLIC TRANSIT INDUSTRY

## DESCRIPTION OF FUEL COSTS

Fuel cost data in this report were collected before the Persian Gulf Crisis. They represent annual operating budget expenditures at the SCRTD. When extrapolated to an estimated 1.0 billion miles for the national fleet, the survey results yield a total estimated fuel cost of $185 million for diesel, $536 million for methanol, $240 million for CNG and $228 million for particulate traps. These estimates will be refined as more experience is gained and may also be influenced by market conditions and public policy decisions.

RTD

COST IMPACTS OF THE 1990 CLEAN AIR ACT

ON THE U.S. PUBLIC TRANSIT INDUSTRY

## DESCRIPTION OF FACILITY COSTS

The survey estimates for new fueling facilities vary widely depending on municipal codes, environmental regulations and land acquisition requirements and prices. No national conclusions were drawn due to the variance of the survey results and the regional nature of the situation. However, new federal regulations for underground fuel storage tanks will require significant expenditure of capital funds over the next eight years for all transit properties.

Existing fuel storage systems at SCRTD will have to be either replaced or modified to meet these new fuel tank regulations. These costs are estimated to be $1.0 million per system or approximately $12.0 million for the SCRTD's 12 operating divisions. It should be noted that when the fuel storage and dispensing systems have been upgraded to be in full compliance with the new regulations, they will be essentially compatible with methanol with minor modifications.

The cost increment to construct a new methanol fueling facility ranges between five and fifteen percent added cost over the same size diesel fuel facility or approximately $1.05 to $1.15 million per new methanol facility at SCRTD. The cost differential covers additional vapor recovery piping and upgraded material required in portions of the methanol systems. Based on experience at the SCRTD to date, other required facility changes relating to the use of methanol are minor.

The use of CNG fuel in transit buses requires a completely new fuel storage and dispensing system. The costs for a new CNG fueling station for a large fleet operation (up to 250 buses) will be in the range of $1.5 to $3.5 million, depending on the fueling time requirements of the transit property (fast fuel is costly and slow fuel is relatively inexpensive).

Although the changes to the maintenance facility areas at SCRTD test divisions have been minor relative to CNG fueling, it is possible that regulatory agencies may require significant changes and improvement to ventilation and fire safety systems, a should a large number of buses be converted to CNG.

RTD

DESCRIPTION OF FACILITY COSTS ....continued

This will be of major significance in colder climates where refueling and maintenance activities are typically performed indoors. These expenditures would be in areas such as explosion proof fixtures and special ventilation systems.

The use of CNG fuel will not obviate the need to expand capital funds for other underground tank improvements. This is due to the fact that a number of other products are stored in underground tanks at transit operating facilities including motor oil, transmission oil, antifreeze, waste oil, and waste fuel. A portion of the estimated $12.0 million for fuel station improvements at SCRTD is for soil clean up that would be required even if the facilities were closed. This cost will obviously vary depending on code regulations, work environment and specific conditions encountered at each location.

RTD

COST IMPACTS OF THE 1990 CLEAN AIR ACT

ON THE U.S. PUBLIC TRANSIT INDUSTRY

## OTHER POTENTIAL COSTS

It was noted earlier that the cost figures in this study do not reflect durability of equipment, "weight penalties" or losses in passenger capacity associated with operating transit buses on alternate fuels.

Life cycle cost durability information related to vehicle life cannot be made at this time due to relatively low mileage on test fleets. It is estimated that another 3-5 years operational experience is needed before data on engine overhaul requirements, etc., can be determined with accuracy. As more experience is gained, engine durability forecasts will be attempted based on tear down measurements, oil analysis results and detailed investigations of engine failures.

A 1990-technology methanol bus weighs approximately 1600 lbs. more than a comparably equipped standard diesel bus while a CNG bus weighs approximately 2,800 lbs. more than the standard diesel bus. These buses have the same range as a diesel counterpart. However, the impact of added weight of the various alternate fuel transit bus technologies is being assessed. It is known that this weight increase adversely affects brake service, tire and transmission life and reduces passenger carrying capacities due to axle load limitations. Federal and state laws limit the total operating weight of a vehicle; therefore, if the weight of fuel increases, the passenger capacity must be reduced by a like weight value. A CNG fleet could require the purchase of up to 10 percent more vehicles in order to achieve passenger carrying capacity equal to a diesel fleet.

The vehicle weight increase associated with CNG will stress the importance of testing liquified natural gas (LNG) technology. This option is being explored by The Metropolitan Transit Authority of Harris County in Houston, Texas. LNG refueling rates and bus weight are attractive as compared to CNG so that a cost comparison between the two systems will eventually be necessary since achieving a fast fuel CNG capability is very expensive as well as the previously mentioned operational problems associated with weight.

RTD

OTHER POTENTIAL COSTS ....continued

During the final edits of this report, the Clean Air Act of 1990 was passed. The 1995 issue of having all rebuilt engines brought up to the new emission standards was not addressed, but will add significant costs to implementation of the act by the transit industry. Current experiments with retrofit technology - methanol/Avocet, CNG and particulate traps are just beginning, with cost to retrofit vehicles in the $20,000 to $40,000 per bus range. No durability or life cycle data yet exists.

RTD

ATTACHMENT 1

| AGENCY NAME | CITY, STATE |
|---|---|
| Metropolitan Atlanta Rapid Transit Authority | Atlanta, GA |
| San Mateo County Transit District | Burlingame, CA |
| Chicago Transit Authority | Chicago, IL |
| Greater Cleveland Regional Transit Authority | Cleveland, OH |
| Dallas Area Rapid Transit | Dallas, TX |
| Orange County Transit District | Garden Grove, CA |
| Southern California Rapid Transit District | Los Angeles, CA |
| Milwaukee County Transit System | Milwaukee, WI |
| New York City Transit Authority | New York, NY |
| New Jersey Transit | Newark, NJ |
| Alameda-Contra Costa Transit District | Oakland, CA |
| Southeastern Pennsylvania Transportation Authority | Philadelphia, PA |
| Sacramento Regional Transit District | Sacramento, CA |
| Utah Transit Authority | Salt Lake City, UT |
| Santa Clara County Transportation Agency | Santa Clara, CA |
| Municipality of Metropolitan Seattle | Seattle, WA |
| BI-State Development Agency | St. Louis, MO |
| Washington Metropolitan Area Transit Authority | Washington, DC |

ESTIMATED COST ANALYSIS FOR FLEET PURCHASE
(BASED ON 1990 PRICES)

| | FLEET SIZE | DIESEL BUS PURCHASE | REPLACEMENT DIESEL FLEET PURCHASE | METHANOL BUS PURCHASE | METHANOL FLEET PURCHASE | METH % INC | CNG BUS PURCHASE | CNG FLEET PURCHASE | CNG % INC | PART TRAP BUS PURCHASE | PART TRAP FLEET PURCHASE | TRAP % INC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| WMATA | 1704 | $200,000 | $340,800,000 | $230,000 | $391,920,000 | 15% | $290,000 | $494,160,000 | 45% | $215,000 | $366,360,000 | 8% |
| Milwaukee | 535 | $200,000 | $107,000,000 | $250,000 | $133,750,000 | 25% | $250,000 | $133,750,000 | 25% | $225,000 | $120,375,000 | 13% |
| SEPTA | 1441 | $170,000 | $244,970,000 | $204,000 | $293,964,000 | 20% | $212,500 | $306,212,500 | 25% | $175,000 | $252,175,000 | 3% |
| Bi-State | 655 | $200,000 | $131,000,000 | $240,000 | $157,200,000 | 20% | $275,000 | $180,125,000 | 38% | $240,000 | $157,200,000 | 20% |
| Chicago | 2172 | $202,000 | $438,744,000 | $226,000 | $490,872,000 | 12% | $262,000 | $569,064,000 | 30% | $216,000 | $469,152,000 | 7% |
| AC Transit | 862 | $179,000 | $154,298,000 | $230,000 | $198,260,000 | 28% | $245,000 | $211,190,000 | 37% | $205,000 | $176,710,000 | 15% |
| Cleveland | 741 | $225,000 | $166,725,000 | $270,000 | $200,070,000 | 20% | $250,000 | $185,250,000 | 11% | $230,000 | $170,430,000 | 2% |
| Utah TA | 440 | $180,000 | $79,200,000 | $230,000 | $101,200,000 | 28% | $257,000 | $113,080,000 | 43% | $190,000 | $83,600,000 | 6% |
| Santa Clara | 515 | $210,000 | $108,150,000 | $290,000 | $149,350,000 | 38% | $290,000 | $149,350,000 | 38% | $250,000 | $128,750,000 | 19% |
| Seattle | 1060 | $190,000 | $201,400,000 | $230,000 | $243,800,000 | 21% | $245,000 | $259,700,000 | 29% | $205,000 | $217,300,000 | 8% |
| Atlanta RTA | 683 | $166,000 | $113,378,000 | $226,000 | $154,358,000 | 36% | $241,000 | $164,603,000 | 45% | $191,000 | $130,453,000 | 15% |
| NYCTA | 3730 | $200,000 | $746,000,000 | $250,000 | $932,500,000 | 25% | $250,000 | $932,500,000 | 25% | $200,000 | $746,000,000 | 0% |
| NJT | 2000 | $156,174 | $312,348,000 | $255,000 | $510,000,000 | 63% | $266,174 | $532,348,000 | 70% | $170,174 | $340,348,000 | 9% |
| Dallas | 650 | $190,000 | $123,500,000 | $230,000 | $149,500,000 | 21% | $250,000 | $162,500,000 | 32% | $230,000 | $149,500,000 | 21% |
| Samtrans | 257 | $180,000 | $46,260,000 | $210,000 | $53,970,000 | 17% | $210,000 | $53,970,000 | 17% | $190,000 | $48,830,000 | 6% |
| Sacramn | 200 | $200,000 | $40,000,000 | $240,000 | $48,000,000 | 20% | $270,000 | $54,000,000 | 35% | $220,000 | $44,000,000 | 10% |
| OCTD | 500 | $200,000 | $100,000,000 | $240,000 | $120,000,000 | 20% | $250,000 | $125,000,000 | 25% | $210,000 | $105,000,000 | 5% |
| SCRTD * | 2500 | $190,000 | $475,000,000 | $230,000 | $575,000,000 | 21% | $265,000 | $612,500,000 | 29% | $205,000 | $512,500,000 | 8% |
| TOTAL | 20645 | | $3,928,773,000 | | $4,903,714,000 | 25% | | $5,239,302,500 | 33% | | $4,218,683,000 | 7% |
| COST PER BUS | | | $190,301 | | $237,526 | | | $253,781 | | | $204,344 | |
| COST OVER DIESEL PER BUS | | | $0 | | $47,224 | | | $63,479 | | | $14,043 | |
| NATIONAL FLEET (39,000 BUSES) | | | $7,421,755,728 | | $9,263,496,599 | | | $9,897,447,203 | | | $7,969,418,116 | |
| COST OVER DIESEL NATIONAL FLEET | | | $0 | | $1,841,738,871 | | | $2,475,691,475 | | | $547,662,388 | |

* actual costs



RTD

## ESTIMATED COST ANALYSIS FOR FUEL (1990)

| | FLEET MILEAGE | DIESEL FUEL $/MI | DIESEL TOTAL FUEL COSTS | MEOH FUEL $/MI | METHANOL TOTAL FUEL COSTS | MEOH % INC | CNG FUEL $/MI | CNG TOTAL FUEL COSTS | CNG % INC | TRAP FUEL $/MI | PART TRAP TOTAL FUEL COSTS | TRAP % INC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MMATA | 52,830,694 | $0.180 | $9,509,525 | $1.210 | $63,925,140 | 572% | $0.510 | $26,943,654 | 183% | $0.230 | $12,151,060 | 28% |
| Milwaukee | 20,134,612 | $0.170 | $3,422,884 | $0.640 | $12,886,152 | 276% | $0.140 | $2,818,846 | -18% | $0.180 | $3,624,230 | 6% |
| SEPTA | 41,000,000 | $0.194 | $7,954,000 | $0.581 | $23,821,000 | 199% | $0.219 | $8,979,000 | 13% | $0.230 | $9,430,000 | 19% |
| Bi-State | 26,000,000 | $0.127 | $3,048,000 | $0.280 | $6,720,000 | 120% | $0.146 | $3,504,000 | 15% | $0.139 | $3,336,000 | 9% |
| Chicago | 75,000,000 | $0.180 | $13,500,000 | $0.280 | $21,000,000 | 56% | $0.103 | $7,725,000 | -43% | $0.220 | $16,500,000 | 22% |
| AC Transit | 26,000,000 | $0.193 | $5,018,000 | $0.879 | $22,854,000 | 355% | $0.204 | $5,304,000 | 6% | $0.403 | $10,478,000 | 109% |
| Cleveland | 26,764,160 | $0.190 | $4,701,390 | $2.190 | $54,189,710 | 1053% | $0.330 | $8,165,573 | 74% | $0.290 | $7,175,806 | 53% |
| Utah TA | 14,957,000 | $0.136 | $2,034,152 | $0.284 | $4,247,788 | 109% | $0.236 | $3,529,852 | 74% | $0.176 | $2,602,518 | 28% |
| Santa Clara | 23,700,000 | $0.190 | $4,503,000 | $0.700 | $16,590,000 | 268% | $0.270 | $6,399,000 | 42% | $0.240 | $5,688,000 | 26% |
| Seattle | 36,800,000 | $0.134 | $4,824,000 | $0.441 | $15,876,000 | 229% | $0.195 | $7,020,000 | 46% | $0.169 | $6,084,000 | 26% |
| Atlanta RTA | 28,702,099 | $0.186 | $5,338,590 | $0.314 | $9,012,459 | 69% | $0.223 | $6,400,568 | 20% | $0.256 | $7,347,737 | 38% |
| NYCTA | 104,100,000 | $0.249 | $25,920,900 | $0.587 | $61,106,700 | 136% | $0.260 | $27,066,000 | 4% | $0.274 | $28,523,400 | 10% |
| NJT | 73,953,464 | $0.140 | $10,353,485 | $0.280 | $20,706,970 | 100% | $0.230 | $17,009,297 | 64% | $0.180 | $13,311,624 | 29% |
| Dallas | 21,400,000 | $0.230 | $4,922,000 | $0.630 | $13,482,000 | 174% | $0.160 | $3,424,000 | -30% | $0.250 | $5,350,000 | 9% |
| Sanbrans | 7,372,747 | $0.150 | $1,105,912 | $0.900 | $6,635,472 | 500% | $0.290 | $2,138,097 | 93% | $0.200 | $1,474,549 | 33% |
| Sacrmto | 8,611,000 | $0.220 | $1,894,420 | $0.320 | $2,755,520 | 45% | $0.190 | $1,636,090 | -14% | $0.280 | $2,411,080 | 27% |
| OCTD | 21,000,000 | $0.250 | $5,250,000 | $0.299 | $6,279,000 | 20% | $0.286 | $6,006,000 | 14% | $0.275 | $5,775,000 | 10% |
| SCRTD * | 105,000,000 | $0.170 | $17,850,000 | $0.370 | $38,850,000 | 118% | $0.250 | $26,250,000 | 47% | $0.190 | $19,950,000 | 12% |
| TOTALS | 708,505,776 | | $131,150,259 | | $400,937,911 | 347% | | $170,318,976 | 30% | | $161,213,004 | 23% |
| COST PER MILE | | | $0.1851 | | $0.5659 | | | $0.2404 | | | $0.2275 | |
| COST OVER DIESEL PER MILE | | | $0.0000 | | $0.3808 | | | $0.0553 | | | $0.0424 | |
| NATIONAL FLEET (est. 1.0 Billion Miles) | | | $185,108,242 | | $565,892,227 | | | $240,391,796 | | | $227,539,436 | |
| COST OVER DIESEL NATIONAL FLEET | | | $0 | | $380,783,984 | | | $55,283,554 | | | $42,431,193 | |

* actual costs - Fuel cost based on July 1990 pre-Middle East crisis costs. LA (OCT 90) price is now $1.12/gal for diesel #2. Methanol is currently @ $0.51/gal, therefore methanol cost per mile is now close to diesel cost per mile.



RTD

## ESTIMATED COST ANALYSIS FOR FUELING FACILITIES (1990)

| | # FUEL FAC. | NEW DIESEL FACILITY PURCHASE | DIESEL TOTAL PURCHASE | METHANOL FACILITY PURCHASE | METHANOL TOTAL PURCHASE | MEOH % INC | CNG FACILITY PURCHASE | CNG TOTAL PURCHASE | CNG % INC | PART TRAP FACILITY PURCHASE | PART TRAP TOTAL PURCHASE |
|---|---|---|---|---|---|---|---|---|---|---|---|
| UMATA | 10 | $10,000,000 | $100,000,000 | $10,000,000 | $100,000,000 | 0% | $6,500,000 | $65,000,000 | -35% | $10,000,000 | $100,000,000 |
| Milwaukee | 3 | | | | | | | | | | |
| SEPTA | 9 | $4,750,000 | $42,750,000 | $5,400,000 | $48,600,000 | 14% | $7,550,000 | $67,950,000 | 59% | $4,750,000 | $42,750,000 |
| Bi-State | 3 | $250,000 | $750,000 | $2,000,000 | $6,000,000 | 700% | $5,000,000 | $15,000,000 | 1900% | $250,000 | $750,000 |
| Chicago | 9 | $2,500,000 | $22,500,000 | $9,637,500 | $86,737,500 | 286% | $6,425,000 | $57,825,000 | 157% | $2,500,000 | $22,500,000 |
| AC Transit | 5 | $750,000 | $3,750,000 | $750,000 | $3,750,000 | 0% | $750,000 | $3,750,000 | 0% | $750,000 | $3,750,000 |
| Cleveland | 5 | $200,000 | $1,000,000 | $230,000 | $1,150,000 | 15% | $2,500,000 | $12,500,000 | 1150% | $200,000 | $1,000,000 |
| Utah TA | 4 | | | | | | | | | | |
| Santa Clara | 4 | $1,500,000 | $6,000,000 | $2,400,000 | $9,600,000 | 60% | $4,600,000 | $18,400,000 | 207% | $1,500,000 | $6,000,000 |
| Seattle | 6 | $750,000 | $4,500,000 | $865,000 | $5,190,000 | 15% | $3,250,000 | $19,500,000 | 333% | $750,000 | $4,500,000 |
| Atlanta RTA | 3 | $150,000 | $450,000 | $168,000 | $480,000 | 7% | $100,000 | $300,000 | -33% | $150,000 | $450,000 |
| NYCTA | 19 | $600,000 | $11,400,000 | $18,515,738 | $351,799,022 | 2986% | $2,500,000 | $47,500,000 | 317% | $600,000 | $11,400,000 |
| NJT | 18 | $750,000 | $13,500,000 | $2,500,000 | $45,000,000 | 233% | $4,650,000 | $83,700,000 | 520% | $750,000 | $13,500,000 |
| Dallas | 4 | $250,000 | $1,000,000 | $400,000 | $1,600,000 | 60% | $1,000,000 | $4,000,000 | 300% | $250,000 | $1,000,000 |
| Sametrans | 2 | $1,200,000 | $2,400,000 | $2,500,000 | $5,000,000 | 108% | $2,500,000 | $5,000,000 | 108% | $1,200,000 | $2,400,000 |
| Sacramento | 1 | $2,300,000 | $2,300,000 | $3,900,000 | $3,900,000 | 70% | $7,500,000 | $7,500,000 | 226% | $23,000,000 | $23,000,000 |
| OCTD | 3 | $500,000 | $1,500,000 | $750,000 | $2,250,000 | 50% | $4,000,000 | $12,000,000 | 700% | $500,000 | $1,500,000 |
| SCRTD * | 14 | $800,000 | $11,200,000 | $920,000 | $12,880,000 | 15% | $3,300,000 | $46,200,000 | 313% | $800,000 | $11,200,000 |
| TOTALS | 115 | | $225,000,000 | | $683,936,522 | 204% | | $466,125,000 | 107% | | $245,700,000 |
| COST PER FACILITY | | | $1,956,522 | | $5,947,274 | | | $4,053,261 | | | $2,136,522 |

* actual costs

ATTACHMENT 3

# ALTERNATE FUELS/LOW EMISSIONS TECHNOLOGY COST ANALYSIS WORK SHEET

SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT

ALTERNATE FUELS SECTION

JULY 1990

RTD

COMPANY:_____

NAME:_____

TITLE:_____

PHONE:_____

# ALTERNATE FUELS/LOW EMISSIONS TECHNOLOGY
# COST ANALYSIS WORK SHEET

## Introduction

The attached work sheet is designed to assist in deriving the range of cost incurred by purchasing and operating buses that utilize clean fuels, including; "clean diesel" (particulate trap technology), methanol and compressed natural gas. The work sheet also addresses the costs to convert existing capital stock to the above clean fuels.

The work sheet provides a methodology and includes certain cost factors, based on the Southern California Rapid Transit District's experience. However, much of the actual cost information will be specific to the individual operator's situation and is therefore left for each operator to address. These variations include regional differences in fuel costs, cold weather fueling requirements and availability of land for fueling and tank storage.

The total cost for an operator to comply with the provisions of the Clean Air Act will depend upon the operator's fleet replacement needs, as well as the final provisions of the legislation concerning the phase-in schedule and requirements concerning conversion of the existing fleet. The work sheet package includes tables to derive a very rough total cost range. These cost estimates will require fine tuning by the operator once the final provisions of the Clean Air Act are known.

## Instructions

1. Steps 1 through 20 (pages 1-5) of the Alternative Fuels/Low Emissions Technologies Work Sheet are self explanatory.

2. Table A, "Clean Emissions Impact on Transit Buses" summarizes the results of the calculations in Steps 1 through 20 of the work sheet. The numbers and letters in parentheses reference the location within the work sheet where the information is derived.

3. Tables B-E are rough estimates of the total cost of replacing and operating a fleet utilizing each respective fuel type; Table B is baseline diesel, Table C is diesel with a particulate trap, Table D is compressed natural gas and Table E is Methanol.

4. Complete the title sheet, including a phone number for a contact person.

## Questions

If you have any questions regarding the questionnaire, please contact Vince Pellegrin, at (213) 972-5844, or David Meyers, at (213) 972-5866, in SCRTD's Alternative Fuels Section.

**ALTERNATE FUELS/LOW EMISSIONS TECHNOLOGIES**
**WORK SHEET**

1. Please estimate the cost to build an average size fueling facility for your fleet operating on each of the following fuels.

   a. Diesel _____

   b. Methanol _____

   c. Compressed Natural Gas (CNG) _____

   d. Propane _____

   e. Other _____

2. How many bus fueling facilities do you operate? _____

3. What is the underground storage capacity (gallons) of your average diesel fueling facility?

   _____

4. What is your average diesel bus mileage between refuelings?

   _____

5. Please estimate the initial purchase price for buses at your property using each of the following technologies.

   a. Diesel _____

   b. Diesel w/Particulate Trap _____

   c. Methanol _____

   d. Compressed Natural Gas (CNG) _____

   e. Propane _____

   f. Methanol w/Ignition Improver _____

   g. Other _____

**FUELS/LOW EMISSIONS TECHNOLOGIES**
**WORK SHEET**

6. Please estimate your total costs to convert an existing diesel bus to each of the following technologies. Include costs for both material and labor.

   a. Diesel w/Particulate Trap _____

   b. Methanol _____

   c. Compressed Natural Gas (CNG) _____

   d. Propane _____

   e. Methanol w/Ignition Improver _____

   f. Other _____

7. Please estimate the price each of the following fuels would cost you per gallon [per therm (100,000 Btu) for CNG). Include the cost of delivery.

   a. Diesel _____

   b. Low Sulfur Diesel (<500 ppm) _____

   c. Methanol _____

   d. Compressed Natural Gas (CNG) _____

   e. Propane _____

   f. Other _____

8. Please estimate the impacts on the overall maintenance costs to your bus fleet (Decrease, Same, Slight Increase, Large Increase) operating each of the following technologies compared to the maintenance of your existing diesel fleet.

   a. Diesel w/Particulate Trap _____

   b. Methanol _____

   c. Methanol w/Ignition Improver _____

   d. Compressed Natural Gas (CNG) _____

   e. Propane _____

   f. Other _____

**FUELS/LOW EMISSIONS TECHNOLOGIES**
**WORK SHEET**

9. Please estimate the cost impacts on the overall durability of your bus fleet (Increase, Same, Slight Decrease, Large Decrease) operating on each of the following technologies compared to the durability of your existing fleet.

   a. Diesel w/Particulate Trap _____

   b. Methanol _____

   c. Methanol w/Ignition Improver _____

   d. Compressed Natural Gas (CNG) _____

   e. Propane _____

   f. Other _____

10. How much do you spend on tires and brakes per year? _____

11. How many buses are in your fleet (Include spares)?_____

12. How many total miles does your fleet accumulate per year?

    _____

13. What is your fleet average diesel bus fuel economy (mpg)?

    _____

14. What is the on-board diesel storage capacity (gallons) of your bus?

    _____

15. What is the tare weight of your diesel bus (Include full load of fuel)?

    _____

**ALTERNATE FUELS/LOW EMISSIONS TECHNOLOGIES**
**WORK SHEET**

16. How many passengers does one of your diesel buses carry? (Include standees.)

_____

17. Calculate bus weights for each of the following technologies (numbers in parentheses denote references within the work sheet to be used in the blanks).

a. Diesel = _____ (15) lb.

b. Particulate Trap = _____ (15) lb. + 350 lb. = _____ lb.

c. CNG = _____ (15) lb. + (18 X _____ (14)) lb. = _____ lb.

d. Methanol = _____ (15) lb. + (10.7 X _____ (14)) lb. = _____ lb.

18. Calculate bus passenger loading for each of the following technologies using the appropriate numbers shown.

a. Diesel = _____ (16) passengers

b. Part. Trap = _____ (16) - [(_____ (17b) - _____ (17a))/150] = _____

c. CNG = _____ (16) - [(_____ (17c) - _____ (17a))/150] = _____

d. Methanol = _____ (16) - [(_____ (17d) - _____ (17a))/150] = _____

19. Calculate brake/tire wear increase over diesel bus wear rate for each of the following technologies using the appropriate numbers shown. (Multiply results by 100).

a. Diesel = Base

b. Part. Trap = (_____ (17b) - _____ (17a))/_____ (17a) = _____% increase

c. CNG = (_____ (17c) - _____ (17a))/_____ (17a) = _____% increase

**ALTERNATE FUELS/LOW EMISSIONS TECHNOLOGIES**
**WORK SHEET**

19. (Continued)

d. Methanol = (_____(17d) - _____(17a))/_____(17a) = _____% increase

20. Calculate fuel consumption rates for each of the following technologies using the appropriate numbers shown.

a. Diesel = _____(7a) / _____(13) = _____ $ per mile

b. Low S Diesel = _____(7b) / _____(13) = _____ $ per mile

c. Part. Trap = _____(20b) X 1.1 = _____ $ per mile

d. Methanol = _____(7c) /(_____(13)/2.5) = _____ $ per mile

e. CNG = _____(7d) X 1.3/(_____(13)) +.03 = _____ $ per mile

f. Methanol w/Ignit. Imp.=(.97 X _____(7c) +.49)/(_____(13)/2.5)

= _____ $ per mile

# TABLE A
# CLEAN EMISSIONS IMPACT ON TRANSIT BUSES

| | | | | | CONVERSIONS | | |
|---|---|---|---|---|---|---|---|
| | DIESEL | CLEAN DIESEL W/PART. TRAP | CNG | METHANOL | METH/ AVOCET | CNG | PART TRAP |
| FUEL FACILITIES | (1a) | (1a) | (1c) | (1b) | (1b) | (1c) | (1a) |
| PASS. LOADING | (18a) | (18b) | (18c) | (18d) | (18d) | (18c) | (18b) |
| FUEL COSTS | (20a) | (20c) | (20e) | (20d) | (20f) | (20e) | (20c) |
| MAINTENANCE | Base | (8a) | (8d) | (8b) | (8c) | (8d) | (8a) |
| BRAKE/TIRES | (19a) | (19b) | (19c) | (19d) | (19d) | (19c) | (19b) |
| INITIAL COST | (5a) | (5b) | (5d) | (5c) | (6e) | (6c) | (6a) |
| DURABILITY | Base | (9a) | (9d) | (9b) | (9c) | (9d) | (9a) |
| BUS WEIGHT | (17a) | (17b) | (17c) | (17d) | (17d) | (17c) | (17b) |

**TABLE B**

**PROJECTED COSTS WORK SHEET**

**BASELINE DIESEL**

CAPITAL COSTS

Vehicle = _____ (5a) X _____ (11) = _____

Facility = _____ (1a) X _____ (2) = _____

Total = _____

ANNUAL OPERATING COSTS

Fuel = _____ (20a) X _____ (12) = _____

Brakes/Tires = _____ (10) = _____

Total = _____

TABLE C

PROJECTED COSTS WORK SHEET

O. E. M. PARTICULATE TRAP

CAPITAL COSTS

Vehicle = _____ (5b) X _____ (11) = _____

Facility = _____ (1a) X _____ (2) = _____

Total = _____

ANNUAL OPERATING COSTS

Fuel = _____ (20c) X _____ (12) = _____

Brakes/Tires = _____ (10) X (1 + _____ (19b)) = _____

Total = _____

+ _____ (8a) Maintenance

TABLE D

PROJECTED COSTS WORK SHEET

O. E. M. COMPRESSED NATURAL GAS (CNG)

CAPITAL COSTS

Vehicle = _____ (5d) X _____ (11) = _____

Facility = _____ (1c) X _____ (2) = _____

Total = _____

ANNUAL OPERATING COSTS

Fuel = _____ (20e) X _____ (12) = _____

Brakes/Tires = _____ (10) X (1 + _____ (19c)) = _____

Total = _____

+ _____ (8d) Maintenance

**TABLE E**

**PROJECTED COSTS WORK SHEET**

**O. E. M. METHANOL**

CAPITAL COSTS

Vehicle = _____ (5c) X _____ (11) = _____

Facility = _____ (1b) X _____ (2) = _____

Total = _____

ANNUAL OPERATING COSTS

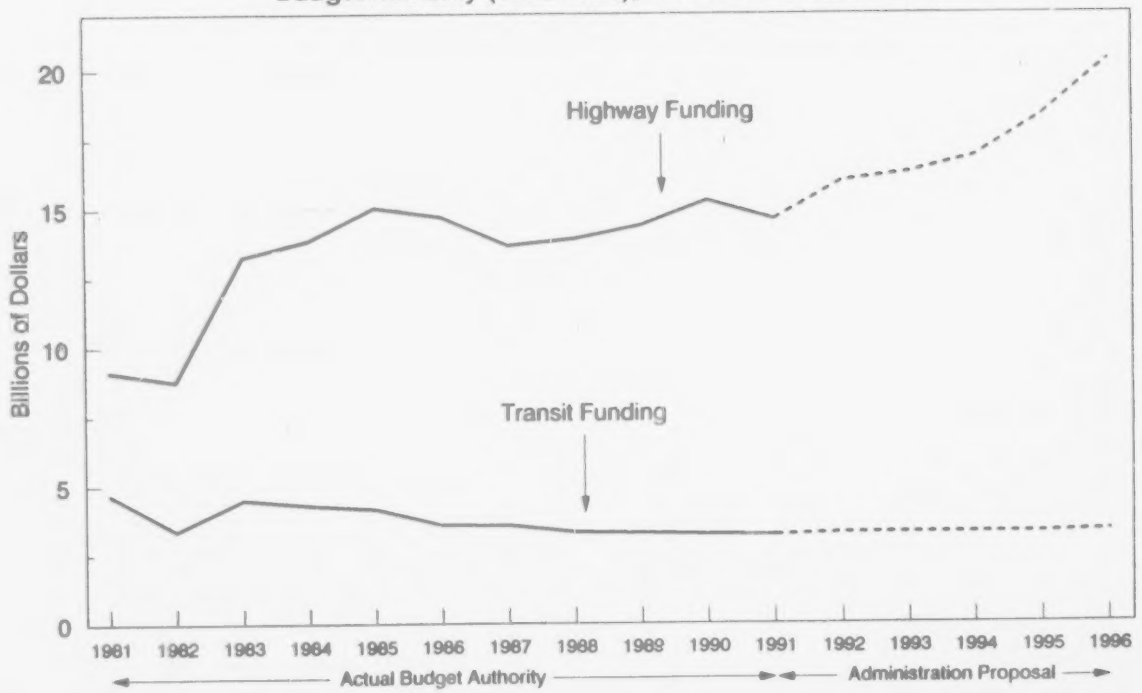
Fuel = _____ (20d) X _____ (12) = _____

Brakes/Tires = _____ (10) X (1 + _____ (19d)) = _____

Total = _____

+ _____ (8b) Maintenance

The Divergence of Federal Transit and Highway Funding, Actual Budget Authority (1981-1991) and Administration Proposed Budget Authority (1992-1996), Billions of Dollars



STATEMENT OF SUSAN PERRY

SENIOR VICE PRESIDENT - GOVERNMENT RELATIONS

AMERICAN BUS ASSOCIATION

ON

REAUTHORIZATION OF THE HIGHWAY, MASS TRANSIT AND HIGHWAY SAFETY PROGRAMS

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

U.S. HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 10, 1991

2167 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, D.C.

American Bus Association
1015 15th Street, N.W.
Washington, D.C. 20005
(202) 842-1645

**STATEMENT OF SUSAN PERRY**
**SENIOR VICE PRESIDENT - GOVERNMENT RELATIONS**
**AMERICAN BUS ASSOCIATION**
**APRIL 10, 1991**

Mr. Chairman and Members of the Subcommittee:

My name is Susan Perry. I am the Senior Vice President-Government Relations of the American Bus Association (ABA). It is a pleasure to be here to present the views of the Association on this year's reauthorization of the highway and transit programs.

ABA is the national trade association of the intercity bus industry. We have several thousand members, some 700 of whom are bus operators engaged in intercity regular route, charter and tour, transit and commuter, and airport bus service. (The rest of our members represent the travel and tourism industry visited by the bus and its passengers, and the manufacturers and suppliers serving the industry.)

I appreciate your affording us this opportunity to discuss with you concern and interests of ours as you develop the Surface Transportation Assistance Act of 1991.

Intercity bus is the only system of low cost intercity public transportation in this country and it is the intercity transportation network for rural America. A report done by Robert

R. Nathan Associates, Inc. in 1989 entitled, Federal Subsidies for Passenger Transportation, 1960-88: Winners, Losers, and Implications for the Future, pointed this out. Quoting from the report, "The intercity bus industry, despite the difficulties it has faced competing with the highly subsidized modes of passenger transportation, has continued to provide a critical transportation service to many Americans who have few--if any--alternatives." With your permission, I would like to submit for the record a chart from the report detailing demographic distributions of intercity passenger miles by transportation mode.

Despite this critical role that we play as the primary carrier of the old, the young, the poor, and those in rural America--all of whom could be classified as transportation disadvantaged--federal transportation programs have ignored us while heavily subsidizing competing modes. Only 0.3 percent of the federal transportation assistance over the 28 years covered in the Nathan report has been received by the intercity bus industry while air passenger transportation received 49.3 percent, and intercity rail passenger transportation received 11.6 percent. This imbalance, or unlevel playing field, has been a major cause of the steady decline in intercity bus service over the last several decades. Again, according to the Nathan study, in 1960 intercity bus served more than 20,000 points in the United States; in 1988, we served better than 10,000, and now we are serving fewer than 10,000.

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We believe that there is a clear need for a comprehensive system of low cost, intercity public transportation, and that need is growing. If the bus industry is to meet that need, it will have to be in partnership with federal and state governments which acknowledge that intercity bus service is a critical element of the country's transportation infrastructure. This year's surface transportation legislation is an opportunity to forge that partnership through provisions that encourage a more productive industry with attractive facilities fully integrated with other modes.

Much is being said currently about the benefits of intermodalism. Members of the executive branch of the government and of this committee have been particularly vocal on the subject. Given its flexibility, the intercity bus is uniquely suited to achieving the benefits of intermodalism. We provide public transportation on highways, but are capable of connecting to all other modes at airports, train stations, and transit centers. Intercity buses can serve as universal connectors linking highway public transportation with transit systems, airplanes, and trains.

We have several specific recommendations to achieve the twin objectives of enhanced intermodalism and a strong low cost rural transportation system. The Administration has included similar recommendations in its proposal. In addition, we have some

recommendations from the industry that we believe need to be included in this legislation.

The first of these is the inclusion of intermodal transportation centers as eligible projects for funding in the highway program. Multipurpose facilities could be located in the right-of-way adjacent to an interstate access ramp. They could include a park and ride lot and a terminal housing both intercity and local transit service. These centers facilitate intermodal connections to the fullest, make both transit and intercity services more attractive, and encourage more productive use of the highways. As I said in testimony to this subcommittee last spring, the private bus industry would pay rent to use the facility, thus affording it some income, and receive in return a new, safe, and clean facility to use. We would be paying our own way to use a facility that we do not have available construction capital to build.

Second, we recommend the inclusion of projects to enhance and support intercity bus service as eligible projects in any rural highway program. States should have the flexibility to use their rural highway money to fund projects to support intercity bus operations. Intercity buses serve, as I said earlier, just under 10,000 communities while air and rail combined serve fewer than 1,000. If the statewide intermodal planning process recognizes

intercity bus projects as high priority, they should be able to fund them under the rural highway program.

Our third recommendation is the inclusion in the transit program of projects that facilitate the coordination and connection of intercity bus services with transit services. Language exists in the Urban Mass Transportation Act; it needs to be extended and clarified.

Fourth, we recommend (again, as we did last spring) the provision of a federal standard of 45 feet for maximum intercity bus lengths. This enhances productivity by giving us almost a 20 percent increase in seating capacity and one-third more cargo space. Also, the provision would correct an anomaly in existing law: the same standards are provided for truck and bus weights and widths, but length applies only to trucks. Buses are left with a hodgepodge of state limitations that in effect limit them to a length of 40 feet while truck trailers, according to federal law, may be as long as 48 feet. Since we are engaged in interstate commerce, this lack of uniformity makes it difficult if not impossible to carry on our business.

Based on prototypes that have been redesigned and engineered from the ground up and built, we know that a 45 foot bus can meet all federal size, weight, and safety standards. We have recently

provided subcommittee staff with a paper containing detailed information on the 45 foot prototype bus.

Having touched on the subject of uniformity, let me say that we agree with the Administration's proposals for uniformity among the states in the matters of operating authority, registration, and fuel tax, and we would like to be included along with motor carriers of property in any such provisions that you enact.

Finally, Chairman, my last three points:

We urge the provision of a 90 percent federal share for the development of high occupancy vehicle (HOV) lanes as an incentive for this cost effective transportation management tool to reduce urban congestion. Intercity buses face congestion getting in and out of every urban area in the country and see HOV lanes as the best and most cost effective way of alleviating this problem.

On the UMTAct side of the reauthorization, we have two rather simple recommendations--simple because they require no action whatsoever. The language in various sections of the act which requires involvement of the private sector "to the maximum extent feasible" in the planning and implementation of transit service should be retained as is. No changes are necessary. It is this language that allows the private sector, which at one time provided

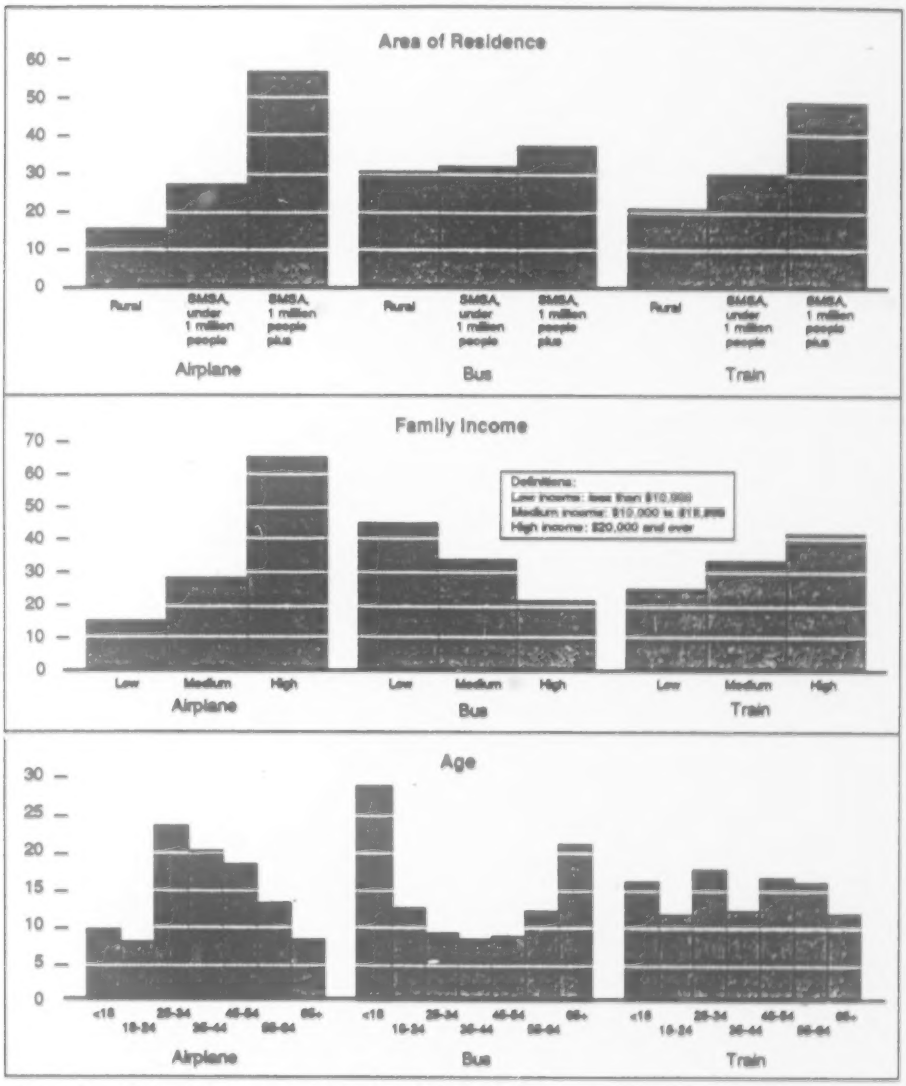
all of the public transportation in the country, to participate with the public sector in providing some of that transportation. We and others have spoken of the benefits of this, mainly those that result from competitively bid contracts being awarded, so I will not elaborate at this time.

The last item we would like you to consider is another "do nothing" one, and that involves UMTA's charter bus regulation. The regulation, which basically says that if an unsubsidized operator is ready and willing to do charter bus service, it should not be done using federally financed equipment and facilities, has been in effect since 1987 and it is working. Along with the exceptions to the rule that are allowed and the cooperation between transit agencies and charter bus companies that has prevailed, the few problems that have occurred have been resolved. Mr. Chairman, this one is not broke, please do not fix it.

Thank you very much for your attention. I will be pleased to answer any questions that you might have.

## Figure ES-4. Demographic Distributions of Intercity Passenger Miles, by Transportation Mode

(Percent)




Source: Robert R. Nathan Associates, Inc. from "Federal Subsidies for Passenger Transportation, 1960-1988: Winners, Losers, and Implications for the Future," May 1989, Figures 8, 9, and 10.

TESTIMONY OF THE

AMERICAN PUBLIC TRANSIT ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

HOUSE COMMITTEE ON

PUBLIC WORKS AND TRANSPORTATION

APRIL 10, 1991

STATEMENT BY

VICKIE SHAFFER

MEMBER, APTA LEGISLATIVE COMMITTEE AND

SMALL OPERATIONS STEERING COMMITTEE

GENERAL MANAGER, TRI-STATE TRANSIT AUTHORITY

HUNTINGTON, WEST VIRGINIA

MR. CHAIRMAN AND SUBCOMMITTEE MEMBERS, MY NAME IS VICKIE SHAFFER. I AM THE GENERAL MANAGER OF THE TRI-STATE TRANSIT AUTHORITY IN HUNTINGTON, WEST VIRGINIA. I SERVE ON APTA'S LEGISLATIVE COMMITTEE AND ITS SMALL OPERATIONS STEERING COMMITTEE. I AM ALSO A STATE DELEGATE FOR THE COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA (CTAA).

PUBLIC TRANSIT IS VITAL SERVICE AND AN IMPORTANT PUBLIC POLICY ISSUE IN SMALL URBAN COMMUNITIES AND IN RURAL AMERICA. I AM HERE TODAY TO PRESENT THAT SIDE OF THE STORY.

LET ME PRAISE MY CONGRESSMAN, NICK JOE RAHALL FROM WEST VIRGINIA, FOR INTRODUCING H.R. 1079, THE MOBILITY ASSISTANCE ACT OF 1991. MR. RAHALL'S BILL ADOPTS MANY OF THE RECOMMENDATIONS OF THE COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA AND GOES TO THE HEART OF THE ISSUES MOST IMPORTANT TO TRANSIT SERVICE IN SMALL URBAN AND RURAL AMERICA. I SUPPORT BOTH H.R. 1079 AND THE GOALS OF THE APTA REAUTHORIZATION PROPOSALS. IN CONTRAST TO THE ADMINISTRATION'S PROPOSAL, BOTH APTA AND CTAA WOULD RESTORE MASS TRANSIT TO ITS PROPER PRIORITY IN YOUR PLANS TO REINVEST IN THE AMERICAN INFRASTRUCTURE.

SIX POINTS ARE IMPORTANT TO SMALL OPERATORS.

ONE. SECTION 9 AND SECTION 18 FUNDING FOR CAPITAL AND OPERATING ASSISTANCE TO SMALL URBAN AND RURAL TRANSIT SYSTEMS MUST BE INCREASED. AT THE VERY LEAST, THE HISTORIC CUTS IN MASS TRANSIT FUNDING MUST BE RESTORED TO ENSURE THAT SERVICE IS NOT LOST.

WE MUST REINVEST IN OUR INFRASTRUCTURE. WE MUST REACH OUT TO RURAL AMERICA AND PROVIDE TRANSPORTATION WHERE NONE EXISTS TODAY. MASS TRANSIT IS OUR BEST HOPE FOR ENSURING THAT THESE FOLKS HAVE JOBS, ADEQUATE MEDICAL CARE, AND PARTICIPATION IN THE SOCIAL FABRIC OF THEIR RURAL COMMUNITIES. IN SMALL URBAN AND RURAL AMERICA, WE'RE NOT FIGHTING CONGESTION. WE'RE FIGHTING ISOLATION.

TWO. OPERATING ASSISTANCE. LARGE AND SMALL OPERATORS DO NOT EXIST WITHOUT IT. ALL THE CAPITAL INVESTMENT OVER THE YEARS IS USELESS IF THE TRAINS AND BUSES ARE PARKED. OPERATING ASSISTANCE IS YOUR CAPITAL INVESTMENT INSURANCE POLICY.

AT TTA, FEDERAL OPERATING ASSISTANCE MEETS ONE-QUARTER OF OUR OPERATING EXPENSES. WE ESTIMATE THAT THE ADMINISTRATION'S PROPOSAL WOULD REDUCE OPERATING ASSISTANCE TO 4 PERCENT OR LESS OF OUR BUDGET. TTA WOULD NOT SURVIVE FOR LONG.

THREE. FLEXIBILITY. WE'RE WORRIED ABOUT THIS FLEXIBILITY BUSINESS.

IT MAY HAVE A ROLE IN LARGER URBAN AREAS. SMALLER TRANSIT SYSTEMS, FORCED TO COMPETE WITH HIGHWAY INTERESTS, WILL LOSE EVERY. PLEASE GIVE US A THRESHOLD THAT PROTECTS OUR FUNDING. WE WILL NEVER GET ANY OF THE MONEY FOR HIGHWAYS AND BRIDGES. AND WE SURE NEED YOU TO KEEP THE HIGHWAY FOX OUT OF OUR HENHOUSE.

FOUR. DESIGNATED RECIPIENT STATUS. ALONG WITH THE MAYORS OF THIS COUNTRY, TRANSIT OPERATORS IN URBAN AREAS UNDER 200,000 POPULATION URGE CONGRESS TO RETAIN OUR STATUS AS DIRECT RECIPIENTS OF FEDERAL GRANTS. THE CURRENT LAW WORKS AND IT SHOULD BE RETAINED.

FIVE. DON'T GIVE THE GOVERNORS AUTHORITY TO DISTRIBUTE SECTION 9, SECTION 18, AND SECTION 16(B)(2) FUNDS AS IF THEY WERE ALL IN ONE POT. THE GOALS OF THE FEDERAL PROGRAM WILL WASH OUT IN SUCH A PROCESS.

SIX. THERE ARE MANY SMALL OPERATORS PROVIDING SERVICES IN LARGE URBANIZED AREAS. THEY MUST COMPLY WITH FEDERAL REQUIREMENTS THAT APPLY TO THE LARGE TRANSIT SYSTEMS - HOWEVER BURDENSOME. PLEASE BE SURE TO CONSIDER THE DIFFERENCE BETWEEN THE TWO AS YOU PROMULGATE YOUR POLICY INITIATIVES.

OUR LOCAL CONSTITUENTS IN THE HUNTINGTON, WEST VIRGINIA AREA HAVE CLEARLY EXPRESSED THEIR SUPPORT FOR MASS TRANSIT. THEY HAVE

OVERWHELMINGLY APPROVED DEDICATED PROPERTY TAXES FOR TTA IN FIVE ELECTIONS SINCE 1982. WE CANNOT ASK THEM FOR MORE MONEY. URBAN TRANSIT RECEIVES NO STATE OPERATING ASSISTANCE IN WEST VIRGINIA. THAT WON'T CHANGE IN THE NEAR FUTURE. MANY SMALL OPERATORS FACE THE SAME STATE AND LOCAL FISCAL CONSTRAINTS IN EVALUATING THE SHELL GAME THAT THE ADMINISTRATION'S PROPOSALS FOR MASS TRANSIT REPRESENT.

BUS SERVICE - MASS TRANSIT - HAS A VITAL AND LEGITIMATE ROLE TO PLAY IN THE ECONOMIC AND SOCIAL FABRIC THAT WE WEAVE FOR OUR SMALLER URBAN AND RURAL COMMUNITIES. WE ARE DEPENDING ON YOU TO TAILOR A SUIT THAT ALSO FITS THE LITTLE GUYS.

THANK YOU.

TESTIMONY OF

PETER E. STANGL

CHAIRMAN, N.Y. METROPOLITAN TRANSPORTATION AUTHORITY

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

WASHINGTON, D.C.

APRIL 10, 1991

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM PETER STANGL, CHAIRMAN OF THE METROPOLITAN TRANSPORTATION AUTHORITY IN NEW YORK.

THANK YOU FOR INVITING ME HERE TODAY TO SHARE THE MTA'S VIEWS ON THE SURFACE TRANSPORTATION ACT REAUTHORIZATION.

BEFORE I COMMENT ON THE ADMINISTRATION'S RECENTLY INTRODUCED PROPOSAL, LET ME TELL YOU A LITTLE BIT ABOUT US.

THE MTA IS A COMPLEX ORGANIZATION. YES, WE RUN NEW YORK'S SUBWAYS AND BUSES. WE ALSO RUN THE FIRST AND SECOND LARGEST COMMUTER RAILROADS IN THE COUNTRY, THE LONG ISLAND RAIL ROAD AND THE METRO-NORTH COMMUTER RAILROAD. AND, WE OPERATE 7 BRIDGES AND 2 TUNNELS THAT CARRY 800,000 CARS PER DAY. OUR 13 MILLION PERSON, 4,000 SQUARE MILE SERVICE AREA COVERS TWO STATES, 14 COUNTIES AND DOZENS OF CITIES.

IN SHORT, WE RUN A PRETTY FAR FLUNG <u>MULTI-MODAL</u> ENTERPRISE.

BUT THE COMMON THREAD THAT GLUES OUR ORGANIZATION TOGETHER IS THAT EVERYTHING WE DO REVOLVES AROUND EFFICIENTLY MOVING PEOPLE. NOT SUBWAYS, BUSES, RAILROADS OR AUTOS, BUT PEOPLE. AND THAT, MR. CHAIRMAN IS WHAT I THINK THE SURFACE TRANSPORTATION ACT SHOULD BE ABOUT -- MOVING PEOPLE.

AFTER WWII, WE AS A NATION BECAME ENTRANCED BY THE AUTO. IT MAY NOT HAVE BEEN AS EFFICIENT AS TRANSIT, BUT GAS WAS CHEAP AND THE CAR GAVE US POWER, CONTROL AND FREEDOM. EFFICIENCY TOOK A BACK SEAT. OUR LOVE AFFAIR WITH THE AUTO ACCELERATED RAPIDLY AND BEGAN TO SHAPE OUR LIVES, OUR GOVERNMENTAL POLICIES AND OUR SPENDING PRIORITIES. ROADS WERE IN -- TRANSIT WAS OUT.

AND IT WASN'T JUST HERE IN WASHINGTON -- IT HAPPENED IN EVERY STATE CAPITOL IN THE COUNTRY -- AND, IT HAPPENED IN A BIG WAY IN NEW YORK. BY THE LATE 1970S, THE EFFECTS ON THE MTA'S INFRASTRUCTURE WERE PAINFULLY CLEAR.

TRAINS WERE DERAILING ON AN AVERAGE OF ONCE EVERY 18 DAYS. WE HAD "GO-SLOW" ORDERS ON DECAYED TRACKS IN AT LEAST 400 LOCATIONS ON THE SUBWAYS. GRAFFITI HAD COVERED THE ENTIRE FLEET FOR YEARS.

AND SO, WITH A TRANSIT SYSTEM ON THE BRINK OF COLLAPSE, THE MTA IN 1981 LAID OUT A STRATEGIC CAPITAL REBUILDING PROGRAM -- THE LARGEST NON-FEDERAL PUBLIC WORKS RENEWAL PROJECT IN THE COUNTRY.

THINGS WERE IN SUCH BAD SHAPE, IT WAS CLEAR FROM THE OUTSET THAT IT WOULD TAKE SEVERAL DECADES FOR OUR TRANSIT NETWORK TO WORK ITS WAY BACK TO A STATE OF GOOD REPAIR. NINE YEARS LATER, WE HAVE SEEN WHOLESALE CHANGES IN THE MTA.

WE BELIEVE OUR STRATEGY HAS WISELY USED FEDERAL DOLLARS TO IMPROVE TRANSIT SERVICE IN OUR REGION. WE EXPECT THAT EVEN BEFORE

WE REACH A STATE OF GOOD REPAIR BY 2012, THE INVESTMENTS WE ARE CONTINUING TO MAKE IN OUR TRANSIT SYSTEM WILL INCREASE OUR REGIONAL AND NATIONAL ECONOMIC COMPETITIVENESS, CLEAN OUR AIR, AND REDUCE OUR DEPENDENCE ON FOREIGN ENERGY SOURCES.

THUS FAR, MORE THAN 80% OF OUR 6,000 SUBWAY CARS, 90% OF OUR 4,000 BUSES AND NEARLY ALL OUR COMMUTER RAIL CARS ARE NEW OR OVER-HAULED. TWO-THIRDS OF OUR 700 MILES OF SUBWAY TRACK HAS BEEN REPLACED. SUBWAY CARS NOW AVERAGE 30,000 MILES BETWEEN BREAKDOWNS -- 4 TIMES THE LEVEL IN 1982. GRAFFITI IS A THING OF THE PAST.

IN SHORT, GREAT PROGRESS HAS BEEN MADE. AND -- AS A DIRECT RESULT -- RIDERSHIP HAS GROWN SIGNIFICANTLY.

THESE ACCOMPLISHMENTS WOULD NOT HAVE COME ABOUT WITHOUT A CONTINUED FEDERAL COMMITMENT. IN FACT, FEDERAL DOLLARS MADE UP NEARLY ONE FOURTH OF THE $16 BILLION WE SPENT OVER THE LAST DECADE.

BUT OUR JOB IS NOWHERE NEAR COMPLETE. WE HAVE A HUGE AGENDA OF UNFINISHED NEEDS -- AT AN ESTIMATED ANNUAL COST OF $2.5 BILLION. A FEDERAL ROLE IN OUR FUTURE EFFORTS IS THEREFORE JUST AS CRITICAL AS IT HAS BEEN OVER THE PAST NINE YEARS.

BUT WE DO NOT APPEAR BEFORE YOU TODAY WITH A TIN CUP -- WE ARE NOT LOOKING TO WASHINGTON TO SOLVE ALL OUR PROBLEMS. WE WILL CONTINUE TO DO OUR SHARE -- PUTTING OUR MONEY WHERE OUR MOUTH IS.

BUT, IT'S NO SECRET THAT THE MTA IS LOOKING TO SECURE MORE DOLLARS FOR OUR TRANSIT SYSTEM IN THE REAUTHORIZATION PROCESS. IT IS CERTAINLY IN OUR INTEREST TO DO SO -- BUT MORE IMPORTANTLY, MR. CHAIRMAN, IT'S ALSO IN OUR NATIONAL INTEREST TO DO SO.

LET ME TELL YOU WHY.

WHEN I LOOKED AT THE ADMINISTRATION'S PROPOSAL, MY ATTENTION WAS IMMEDIATELY DRAWN TO ITS CALL FOR SUBSTANTIAL FUNDING INCREASES FOR "HIGHWAYS OF NATIONAL SIGNIFICANCE". MY FIRST REACTION WAS, "WHAT ABOUT US?"

I SUBMIT TO YOU THAT THE MTA IS A "TRANSIT SYSTEM OF NATIONAL SIGNIFICANCE" -- GREAT NATIONAL SIGNIFICANCE.

WE CARRY A THIRD OF ALL TRANSIT RIDERS IN THE COUNTRY -- 6 MILLION PEOPLE A DAY. WITHOUT THE MTA, THE MOST DENSELY POPULATED REGION IN THE COUNTRY WOULD BE PARALYZED. IT WOULD USE AN EXTRA 1.3 BILLION GALLONS OF GASOLINE A YEAR. THE L.I. EXPRESSWAY WOULD NEED TO HAVE 15 MORE LANES TO ACCOMMODATE THE ADDITIONAL TRAFFIC. LIFE IN THE REGION WOULD LITERALLY BE IMPOSSIBLE WITHOUT US.

SO WHY ARE WE LESS SIGNIFICANT THAN HIGHWAYS? DOES OUR SUCCESS IN MOVING 50% OF ALL PEOPLE WHO WORK IN THE METROPOLITAN NEW YORK AREA WARRANT HAVING TO SUFFER A FEDERAL FUNDING HIGHWAY TO TRANSIT RATIO OF 5:1 IN FFY '92 AND 7:1 BY FFY '96?

SURE WE UNDERSTAND THE NEED TO MAINTAIN AND EXPAND OUR ROADS. ROADS ARE IMPORTANT FOR OUR REGION AND OUR COUNTRY. ROADS FEED THE MTA'S OWN BRIDGES AND TUNNELS, WHICH IN TURN HELP SUPPORT OUR TRANSIT SYSTEM.

BUT THE ADMINISTRATION'S PROPOSAL IS SIMPLY A REPACKAGING OF THE SAME HIGHWAY-DOMINANT STRATEGY -- IT FOCUSES ON MOVING CARS, NOT PEOPLE. THIS, DESPITE SOME OBVIOUS TRENDS OVER THE LAST FIVE YEARS AGO THAT CRY OUT FOR A NEW COURSE OF ACTION.

FIRST, OUR COUNTRY CONTINUES TO GROW EVER MORE DEPENDENT ON IMPORTED OIL. THE NORTHEAST IS MORE DEPENDENT ON IMPORTED OIL THAN ANY OTHER PART OF THE COUNTRY -- AND THAT DEPENDENCE IS GROWING. EARLY IN THE NEXT CENTURY, IT IS ESTIMATED THAT IMPORTS WILL ACCOUNT FOR 84% OF NY'S PETROLEUM REQUIREMENTS.

SECONDLY, TRAFFIC CONGESTION -- ONCE A CONCERN ONLY DURING RUSH HOURS -- HAS EVOLVED INTO SEVERAL "CRUSH" HOURS OF GRIDLOCK A DAY. LITTLE WONDER, SINCE VEHICLE MILES TRAVELED IN NEW YORK STATE MULTIPLED 15 TIMES FASTER THAN THE POPULATION SINCE 1960. THE RESULT: OVER 350,000 WORK HOURS ARE LOST EVERY DAY BECAUSE OF TRAFFIC-RELATED DELAYS. TRUCKING COSTS IN NY ARE 30% ABOVE THE NATIONAL AVERAGE -- BUT WE'RE FAR FROM ALONE.

THEN THERE'S OUR ENVIRONMENT. DESPITE THE 1970 CLEAN AIR ACT, THE AIR IN MANY PARTS OF THE COUNTRY HAVE NEVER BEEN IN COMPLIANCE WITH ITS STANDARDS -- MAINLY AS A RESULT OF THE AUTO.

IT'S OBVIOUS TO ME -- THE TRADITIONAL "HIGHWAY SOLUTION" IS NO SOLUTION.

FEDERAL POLICY HAS FED THIS GROWTH THROUGH INCREASING FEDERAL HIGHWAY AID AND CUTTING TRANSIT AID. SINCE 1981, HIGHWAY FUNDING HAS RISEN BY 60%, WHILE TRANSIT FUNDING HAS DROPPED BY 30%. AND THAT'S BEFORE INFLATION.

SPECIAL TAX TREATMENT FOR AUTO COMMUTERS ALLOWS UNLIMITED TAX-FREE PARKING SUBSIDIES, WHILE TRANSIT RIDERS ARE LIMITED TO $15 PER MONTH TAX FREE. A NUMBER OF BILLS HAVE BEEN INTRODUCED TO ALLEVIATE THIS INEQUITY. WE ARE CAUTIOUSLY OPTIMISTIC ABOUT THEIR PASSAGE.

A "BUSINESS AS USUAL", POLICY IGNORES IMPORT DEPENDENCY, POLLUTION, AND CONGESTION. AT SOME POINT WE WILL HAVE TO CONFRONT THESE FACTS OF LIFE. LET'S DO IT NOW!

YES, THE ADMINISTRATION'S PROPOSAL DOES HAVE A FEW SHORT-TERM POSITIVES FOR THE MTA, BUT ITS UNDERLYING PRINCIPLES ARE DISASTROUS FOR ALL PUBLIC TRANSIT PROVIDERS AND RIDERS IN THE LONG TERM.

A FLAT UMTA PROGRAM OF $3.3 BILLION FOR FOUR YEARS, WITH A MARGINAL INCREASE IN THE FIFTH, WOULD REPRESENT A 20% DROP IN REAL TERMS OVER THE LIFE OF THE REAUTHORIZATION, ASSUMING MODERATE INFLATION. MEANWHILE, HIGHWAY FUNDING SOARS BY 40%. WHY?

THE WHITE HOUSE SAYS IT'S INCREASING "MASS TRANSIT CAPITAL FUNDING .... BY 29%." THIS IS MISLEADING. THE INCREASE IN FORMULA CAPITAL GRANTS COMES AT THE EXPENSE OF ELIMINATING OPERATING ASSISTANCE FOR CITIES OVER ONE MILLION AND BY ROLLING DISCRETIONARY MONEY INTO THE FORMULA PROGRAM. THE REAL INCREASE IN THE OVERALL UMTA PROGRAM IS ONLY 2.2%.

AND RATHER THAN PROVIDE NEW MONIES TO COVER THE COSTS OF THE AMERICANS WITH DISABILITIES ACT (ADA) AND CLEAN AIR ACT, IT ROBS PETER TO PAY PAUL BY LIFTING $50 MILLION OF THESE EXISTING FUNDS FOR SUCH PURPOSES. THAT $50 MILLION FALLS FAR SHORT OF THE COSTS THAT TRANSIT SYSTEMS EXPECT TO INCUR JUST AS A RESULT OF ADA ALONE.

BY ELIMINATING OPERATING ASSISTANCE FOR CITIES WITH MORE THAN ONE MILLION PEOPLE, THE MTA LOSES $93 MILLION A YEAR. THIS COMES AS WE'RE TRYING TO COPE WITH GROWING OPERATING DEFICITS CAUSED BY RECESSION DRIVEN DECLINES IN RIDERSHIP AND DEDICATED STATE SUBSIDIES.

IN SHORT, DON'T ELIMINATE OPERATING ASSISTANCE.

THE PROPOSAL SUBSTANTIALLY REDUCES THE FEDERAL MATCHING SHARES FOR TRANSIT PROJECTS. HIGHWAYS FARE MUCH BETTER. TRANSIT MATCHING SHARES DROP FROM 75% OR 80% TO 50% OR 60% WHILE HIGHWAY PROGRAMS CONTINUE TO RECEIVE 75% TO 90%. STATE TRANSPORTATION PLANNERS COULD BE FORCED TO CHOOSE HIGHWAYS OVER TRANSIT SIMPLY BECAUSE THEY GET MORE MONEY THAT WAY. THAT'S A BAD WAY TO PLAN.

ONE OF THE MORE ASTOUNDING SUGGESTIONS IN THE PROPOSAL IS ONE THAT REWARDS GAS CONSUMPTION BY SENDING MORE HIGHWAY DOLLARS. IT WOULD BE JUST SILLY IF IT WASN'T SO HARMFUL. IT IS PARTICULARLY BAD FOR NEW YORK -- THE MOST ENERGY-EFFICIENT STATE WHEN IT COMES TO TRANSPORTATION -- IN LARGE PART BECAUSE OF OUR EXTENSIVE TRANSIT SYSTEMS. THE 1.3 BILLION GALLONS OF GASOLINE OUR TRANSIT SYSTEMS SAVE EACH YEAR BECOMES A LIABILITY, RATHER THAN AN ASSET.

ONE OF THE BILL'S SLICKEST CONCEPTS IS FUNDING "FLEXIBILITY". I SAY "SLICK", BECAUSE FLEXIBILITY SOUNDS LIKE A GREAT IDEA. BUT FLEXIBILITY, AS DEFINED IN THE PROPOSAL, ABUSES A CONCEPT WE AND APTA PROMOTED IN 1989 & 1990. IT ALLOWS ALL OF A STATE'S FEDERAL TRANSIT FUNDS TO BE USED ON HIGHWAY PROJECTS, BUT ONLY 30% OF THE HIGHWAY FUNDS ON TRANSIT NEEDS. THAT'S PATENTLY UNFAIR.

WE SUPPORT FLEXIBLE FUNDING, BUT ONLY AFTER BASIC TRANSIT REINVESTMENT NEEDS ARE ADDRESSED. AND $3.3 BILLION ONLY GETS US HALFWAY THERE. WHEN WE REACH AN UMTA PROGRAM OF $6.5 BILLION OR MORE, THEN LET'S TALK FLEXIBILITY.

THE PROPOSAL ALSO CALLS FOR COMPLETELY ELIMINATING GENERAL FUND SUPPORT FOR TRANSIT AND SWITCHING THE FUNDING SOURCE ENTIRELY TO THE HIGHWAY TRUST FUND'S MASS TRANSIT ACCOUNT. THIS IS SIMILAR TO A 'SHELL GAME', EXCEPT THAT AFTER A NUMBER OF YEARS THERE WILL BE NOTHING UNDER ANY SHELL AS THE TRUST FUND RUNS DRY.

WHILE WE BELIEVE IN DRAWING DOWN TRUST FUND BALANCES, WE THINK THAT ITS COFFERS NEED CONSTANT AND MORE SUBSTANTIAL REPLENISHMENT. AND GENERAL FUND SUPPORT SHOULD BE CONTINUED AT LEAST AT CURRENT LEVELS. IF THESE STEPS WERE TAKEN, THE UMTA PROGRAM COULD EASILY BE INCREASED TO $5.5 BILLION FOR FISCAL YEAR 1992.

IN THE BEST OF ALL POSSIBLE WORLDS, WE WOULD LOVE TO SEE CONGRESS PROVIDE THE $6.7 BILLION LEVEL IN FISCAL YEAR 1992 THAT CHAIRMAN ROE REQUESTED OF THE HOUSE BUDGET COMMITTEE LAST MONTH. THAT APPROXIMATES THE AMOUNT THAT APTA'S 1989 "TRANSIT 2000" STUDY IDENTIFIED AS BEING THE MINIMUM NEEDED TO ADDRESS CURRENT TRANSIT NEEDS NATIONWIDE.

BUT WE'LL NEVER EVEN BE ABLE TO GET THERE IF WE ALLOW THE NEW NICKEL A GALLON GAS TAX, INCLUDING THE 1/2 CENT FOR TRANSIT, TO LAPSE IN FFY '95, A YEAR BEFORE THIS REAUTHORIZATION BILL EXPIRES AS THE CURRENT PROPOSAL SUGGESTS. IS THE INTENT TO SAVE AUTO DRIVERS A NICKEL? WE ALREADY HAVE THE LOWEST GAS TAX -- BY FAR -- IN THE INDUSTRIALIZED WORLD.

AND JUST IN CASE YOU DIDN'T NOTICE, RECENT GAS PRICE RISES HAVE HAD VIRTUALLY NO EFFECT ON DRIVING HABITS -- AND THOSE INCREASES DON'T PRODUCE ANY TANGIBLE BENEFITS FOR US -- LIKE INFRASTRUCTURE INVESTMENT WOULD.

THE NICKEL SHOULD SHOULD STAY IN EFFECT FOR THE FULL FIVE

YEARS OF THE REAUTHORIZATION PERIOD AND BEYOND. AND IN FACT, IT SHOULD BE BROADENED TO PROVIDE ADDITIONAL REVENUES FOR THE TRANSIT ACCOUNT.

WELL, SPEAKING ON BEHALF OF A TRANSIT SYSTEM "OF NATIONAL SIGNIFICANCE," AN ONGOING FEDERAL ROLE IS NOT ONLY APPROPRIATE, IT'S ESSENTIAL. WE CONTINUES TO NEED A STRONG FEDERAL MASS TRANSIT ADMINISTRATION THAT WILL PROMOTE TRANSIT AS AN EQUAL PARTNER IN REACHING THE GOALS OF OUR NATIONAL TRANSPORTATION POLICY.

I'M NOT SUGGESTING THAT THE REAUTHORIZATION BILL IGNORE OTHER VALID TRANSPORTATION NEEDS, BUT I URGE YOU TO CRAFT A BILL THAT BALANCES THOSE NEEDS WITH THOSE OF PUBLIC TRANSIT AND ONE THAT WILL RECOGNIZE TRANSIT'S VITAL CONTRIBUTION TO ATTAINING NATIONAL ENERGY, ECONOMIC, ENVIRONMENTAL GOALS, AND MOST OF ALL -- THE GOAL OF MOVING PEOPLE!

JUST TO RECAP, MR. CHAIRMAN, WE CAN REACH THOSE GOALS IF:

- THE UMTA PROGRAM GROWS TO $5.5 TO $6.5 BILLION BY ADDING BACK GENERAL FUND REVENUES AND LETTING US HAVE ALL OF THE GAS TAX REVENUES TRANSIT DESERVES.
- THE PLAYING FIELD IS LEVELED BOTH IN TERMS OF TAX TREATMENT AND FEDERAL MATCHING SHARES.
- "FLEXIBILITY" TREATS HIGHWAYS AND TRANSIT EQUALLY AND KICKS IN ONLY AFTER BASIC TRANSIT NEEDS ARE MET.
- THE INTERSTATE TRANSFER PROGRAM IS REAUTHORIZED
- THERE IS A CLEAR REAFFIRMATION OF A LONG-TERM FEDERAL COMMITMENT TO TRANSIT.

WE NEED YOUR HELP. THANK YOU.

Statement in Support of the Exton By-pass

to the

Subcommittee on Surface Transportation

by

Robert J. Thompson, Executive Director

Chester County Chamber of Commerce

April 10, 1991

I am Robert J. Thompson, Executive Director of the Chester County Chamber of Commerce. As a Chester County native and life-long resident, a two-term county commissioner, and former member and chairman of the board of the Southeastern Pennsylvania Transportation Authority (SEPTA), I believe I can speak with some knowledge of the need for federal assistance for the Exton By-pass.

It is both a pleasure and an honor for me to to appear here today before the Subcommittee on Surface Transportation.

As a personal aside, both Congressman Schulze and I grew up within a few miles of Exton in Paoli. And we can both attest to the unparalleled growth and the congestion that has resulted. (Honesty compels me to admit that the Congressman actually grew up in a slightly earlier era than I did, however.)

The Chester County Chamber of Commerce, is a grass-roots business organization of 2,600 members. The chamber, along with ten affiliate local chambers located throughout Chester County, is a strong advocate for the Exton By-pass. A letter of support from our board of directors is included with the material distributed to you.

I am actually appearing here today on behalf of the Chester County Highway Task Force, a group of local government officials, private sector individuals, and business people who were appointed by the County Commissioners and the Chester County Partnership for Economic Development to conduct a unified lobbying effort on behalf of the Exton By-pass. The Chester County Chamber of Commerce is an active member of that task force.

Congressman Schulze and Commissioner Kanna have done an excellent job in stating the case for the Exton Bypass this afternoon -- fortified with compelling evidence prepared by the Chester County Planning Commission.

In addition to emphasizing that building the Exton By-pass provides the missing link in the East Coast's toll-free, limited access highway system, I would like to expand upon three points which I feel qualify this project for the support of this subcommittee and ultimately, federal backing.

## GROWTH IN POPULATION, JOBS AND CONGESTION

First is the unprecedented growth that has taken place in the area. If a picture speaks a thousand words, this exhibit utters volumes. It portrays vividly the growth in development that has taken place along the route of the proposed by-pass.

The areas of red overlay represent development that either has taken place in the past ten years or has been approved during that time.

The yellow represents areas of proposed development.

1990 census figures show a growth of 15,619 or a 38% increase in population in municipalities adjacent to the proposed by-pass during the last decade. Overall, the county has grown by 60,000 or 17% during that period.

Areas overlayed in red represent 37,500 new trips through the intersection per day. To put that into perspective, recent traffic counts reveal that the Exton crossroads area is handling -- or attempting to handle -- twice the volume it was designed to.

In reality, the intersection is not handling the overload. Motorists who know the area have turned to alternative routes, clogging narrow side streets and parallel roads, causing further congestion.

## PRIVATE SECTOR PARTICIPATION

Second is the willingness of the private sector to participate in the project. We're not talking about pledges. We're talking actual expenditures of private capital to improve the highway infrastructure in the area.

In West Whiteland Township alone, more than $6.1 Million has been spent in private funds to widen and improve an already overburdened local highway system.

In adition, township supervisors plan to establish a Transportation Improvement District which calls for the use of another $6 million in private funds from the property owners involved.

Meanwhile area businesses have expressed a willingness to make in-kind, right-of-way, utility relocation, and direct cash contributions to the project.

INTER-MODAL OPPORTUNITIES

Finally, we cannot overlook the opportunities for linking various modes of transportation in the region through the project.

As you can see in the second exhibit, the Exton By-pass project offers an excellent opportunity to link a limited access highway with interstate rail, commuter rail, light rail and bus lines.

The project will tie the by-pass direcly to the existing Exton railroad station which serves Amtrak's principal east-west artery and the SEPTA's R-5 line, linking Parkesburg in western Chester County with Philadelphia, and Doylestown in Bucks County.

In addition, the by-pass will tie in directly with a station being built and financed by a local developer to serve as an interchange point between the Amtrak/SEPTA main rail line and a proposed SEPTA Cross County Metro light rail line, linking Downingtown with Bucks County. This will significantly reduce congestion on the Route 30 corridor and intercept commuter traffic which now overburdens Route 30, Route 202 and the Schuylkill Expressway.

Finally, by relieving the congestion along the Route 30 corridor and the secondary roads paralleling it, the privately-owned Reader Bus Service and SEPTA's Route 92 bus route will be able to operate more efficiently, attracting new ridership.

In conclusion, I have no doubt that former Pennsylvania Transportation Secretary -- now Federal Highway Administrator --Tom Larson and other members of the Bush Administration had Federal help for projects like the Exton By-pass in mind when they drafted the principles described in "Moving America -- New Directions. New opportunities."

I hope you agree.

Thank you for your time and your interest.

TESTIMONY OF THE

AMERICAN PUBLIC TRANSIT ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

HOUSE COMMITTEE ON

PUBLIC WORKS AND TRANSPORTATION

APRIL 10, 1991

STATEMENT BY

DAVID L. TURNEY

APTA VICE PRESIDENT, ASSOCIATE MEMBERS

CHAIRMAN, ASSOCIATE MEMBER BOARD OF DIRECTORS

GROUP EXECUTIVE, MARK IV TRANSPORTATION PRODUCTS

PLANO, TEXAS

I AM DAVID L. TURNEY, GROUP EXECUTIVE OF MARK IV TRANSPORTATION PRODUCTS, A MAJOR OPERATING SEGMENT OF MARK IV INDUSTRIES, INC. . . . A $1.2 BILLION NYSE FORTUNE 500 COMPANY. MY ROLE IN APTA IS THAT OF VICE PRESIDENT, ASSOCIATE MEMBERS, AND CHAIRMAN OF THE ASSOCIATE MEMBER PART OF APTA.

APTA HAS MORE THAN 500 ASSOCIATE MEMBERS. ASSOCIATE MEMBERS ARE THE SUPPLIERS OF GOODS AND SERVICES TO THE TRANSIT INDUSTRY. WE SUPPLY THE EQUIPMENT, SUPPORT, AND PRIVATE SECTOR SERVICES THAT ENABLE TRANSIT OPERATORS TO CARRY OUT THEIR PUBLIC SERVICE MISSION OF MOBILITY FACILITATORS.

ASSOCIATES HAVE MEMBER COMPANIES IN MOST STATES AND MANY FOREIGN COUNTRIES; TENS OF THOUSANDS OF EMPLOYEES ARE INVOLVED. MY COMPANY ALONE HAS OPERATIONS OR MAJOR BUSINESS OUTLETS IN NEW YORK, ILLINOIS, TEXAS, CALIFORNIA, NEW JERSEY, FLORIDA, MICHIGAN, ONTARIO AND QUEBEC IN CANADA, GERMANY, THE U.K., FRANCE, ITALY, AND JAPAN . . . DIRECTLY INVOLVING OVER 1500 PEOPLE. YOUR ACTIONS ON REAUTHORIZATION HAVE A DIRECT ECONOMIC IMPACT ON THIS NATION THROUGH ASSOCIATE MEMBERS OF APTA.

IT IS A PLEASURE AND A PRIVILEGE TO APPEAR BEFORE THIS VITAL SUBCOMMITTEE. I TAKE SPECIAL NOTE OF THE HONOR OF ADDRESSING A

SUBCOMMITTEE INCLUDING THE HONORABLE GREG LAUGHLIN AND PETE GEREN FROM MY GREAT STATE OF TEXAS . . . AND ALSO THE DISTINGUISHED JOHN PAUL HAMMERSCHMIDT WHO HAS ROOTS IN THE GREAT STATE OF ARKANSAS WHICH MIRROR MY OWN ROOTS AND FAMILY.

AS A PRIVATE SECTOR MANUFACTURING OPERATION PERSON IN THIS INDUSTRY, I AM UPSET OVER THE CONTINUAL BASHING THAT AMERICAN INDUSTRY HAS TAKEN OVER "PRODUCTIVITY." A WELL-KEPT SECRET IS THE FACT THAT OUR INDUSTRY IS SHIPPING PRODUCTS ALL OVER THE WORLD WHERE WE HAVE A FAIR AND OPEN MARKET IN WHICH TO OPERATE. BUT, THAT IS SERIOUSLY AT RISK; AND, YOU HOLD THE KEYS TO DEALING WITH THAT RISK. PEOPLE SITTING IN TRAFFIC JAMS INSTEAD OF EFFICIENTLY MOVING TO WORK IS A VERY DANGEROUS AND RAPIDLY INCREASING CONTRIBUTOR TO ANY PRODUCTION DEFICIT WE HAVE IN AMERICA. IF PEOPLE CAN'T GET TO WORK WITH REASONABLE EFFORT AND IN REASONABLE TIME, HOW ON EARTH CAN THEY BE PRODUCTIVE?

THE COST OF CONGESTION WAS $9 BILLION IN 1984. IT WILL EXCEED $50 BILLION IN THE YEAR 2005 . . . UNLESS WE LEGISLATE INTO EXISTENCE AN INNOVATIVE TRANSIT REAUTHORIZATION BILL LIKE THAT ADVOCATED BY APTA. EVERY BUS FULL OF PASSENGERS TAKES 40 CARS OFF THE STREETS; AND TRAINS ELIMINATE OVER 75!

GIVE US A GOOD TRANSIT BILL AND WE WILL GIVE YOU INDUSTRIAL PRODUCTIVITY GAINS! OVER 70 PERCENT OF OUR U.S. POPULATION LIVE IN AREAS WHERE AIR QUALITY FAILS TO MEET MINIMUM HEALTHY STANDARDS SET HERE IN WASHINGTON. THAT CONDITION IS GROWING WORSE DESPITE MORE COMPLEX AND EXPENSIVE GADGETS TO CONTROL TAILPIPE EMISSIONS. WE HAVE TO INCREASE THE AVERAGE NUMBER OF PEOPLE TRAVELLING PER VEHICLE IF WE ARE SERIOUS ABOUT SOLVING THAT PROBLEM.

FOLKS, SOME AREAS OF THIS COUNTRY ARE FACING RESTRICTIONS ON USE OF THE AUTOMOBILE . . . MAYBE EVEN ALTERNATE DAYS ON WHICH USE MIGHT BE RESTRICTED OR EVEN PROHIBITED. WHEN THAT HAPPENS, A PUBLIC REVOLT IS GOING TO OCCUR AS PEOPLE COME TO REALIZE THAT WE HAVE ALLOWED THE PAVING OF AMERICAN FOR AUTO USE TO PAINT US INTO A CORNER SO FILLED WITH POLLUTION THAT WE CAN'T BREATHE. WHEN YOU WORK TO ENACT A REAUTHORIZATION BILL SIMILAR TO WHAT APTA PROPOSES, YOU NOT ONLY HELP US INCREASE PRODUCTIVITY . . YOU ALSO HELP IMPROVE THE ENVIRONMENT!

TRANSIT INVENTORIES ARE A BARGAIN AND SO ARE TRANSIT INVESTMENTS. MAJOR URBAN HIGHWAYS CAN COST $100 TO $120 MILLION PER MILE. BUSWAYS, TO MOVE HIGH VOLUMES OF PEOPLE, COST ONE-TENTH OF THAT. EVEN HEAVY RAIL COSTS LESS. ON TOP OF THAT, EVERY DOLLAR INVESTED IN TRANSIT HELPS SOLVE THE PROBLEMS OF POLLUTION,

CONGESTION, PRODUCTIVITY, MOBILITY, AND DEPENDENCE ON FOREIGN OIL. THAT IS A BARGAIN; TELL ME, WHERE ELSE ONE DOLLAR APPLIED CAN TOUCH ALL THOSE PROBLEM AREAS SIMULTANEOUSLY?

LET ME TOUCH BRIEFLY ON THE BUY AMERICA PROVISIONS OF THE PRESENT LAW. WE URGE YOU TO LEAVE IT AS IS. THE CHANGES ENACTED IN 1987 ONLY PASSED THROUGH RULEMAKING IN THE PAST FEW WEEKS; WE NEED TIME TO WORK WITH THE BUY AMERICA PROVISIONS THE WAY THEY ARE RIGHT NOW BEFORE WE CONSIDER FURTHER CHANGES. AND, THERE IS STILL A LARGE PERCENTAGE OF THE WORLD MARKETS INTO WHICH WE SIMPLY ARE NOT ABLE TO SHIP OUR PRODUCTS THANKS TO DISCRIMINATING TRADE PRACTICES.

THE PRESENT LAW LEVELS THE PLAYING FIELD PRETTY WELL; I URGE YOU, LEAVE IT AS IS. THE ADMINISTRATION'S PROPOSAL TO SELECTIVELY WAIVE THE STATUTE'S APPLICABILITY TO CERTAIN COUNTRIES IS JUST NOT ACCEPTABLE TO PRIVATE INDUSTRY. I DON'T WANT THE FUTURE OF MY COMPANY BEING TRADED LIKE A PAWN BY THE ADMINISTRATION.

THE APTA ASSOCIATE MEMBERS STRONGLY SUPPORT A REAUTHORIZATION PROGRAM IN THE $34-40 BILLION RANGE, AS ALREADY PROPOSED BY THE LEADERSHIP OF THIS COMMITTEE AND APTA. LOWER FUNDING WILL NOT ALLOW US TO DO OUR JOB. AND, FUNDING HAS TO HAVE

A MUCH HIGHER DEGREE OF STABILITY AND PREDICTABILITY THAN IN THE PAST. THIS CUT-IT-EVERY-YEAR MENTALITY OF PAST ADMINISTRATIONS SENDS SIGNALS TO CORPORATE AMERICA THAT TRANSIT BUSINESS IS NOT THE PLACE TO INVEST FOR THE FUTURE. GIVE US A $34-40 BILLION PROGRAM WITH STABILITY, AND VITAL PRIVATE SECTOR DOLLARS WILL GRAVITATE TO TRANSIT TO HELP PROVIDE PUBLIC MOBILITY.

AGAIN, I WISH TO IMPRESS UPON YOU THAT I AM DEEPLY HONORED TO HAVE THIS OPPORTUNITY TO ADDRESS THIS DISTINGUISHED SUBCOMMITTEE. I AM AT YOUR DISPOSAL.

45-155 O—91——32

ADDITIONS TO THE RECORD

Hennepin County Regional Railroad Authority

Testimony of HCRRA Chairman Mark Andrew
to the Surface Transportation Subcommittee
of the House Public Works and Transportation Committee
Regarding the Surface Transportation Assistance Act of 1991

April 10, 1991

Mr. Chairman and Members of the Committee, my name is Mark Andrew, and I am Chairman of the Hennepin County Regional Railroad Authority (HCRRA) and a member of the Hennepin County Board of Commissioners. On behalf of the HCRRA and other regional agencies in the Twin Cities metropolitan area, I want to thank the Committee for this opportunity to present our views and needs with respect to the important transportation policy issues before you as you consider reauthorization of this country's surface transportation legislation.

The Hennepin County Regional Railroad Authority is charged with planning and implementing rail transit service in the greater Minneapolis metropolitan area. Along with the other county railroad authorities in our region, the Regional Transit Board (RTB), and the Joint Light Rail Transit Advisory Committee, and the Metropolitan Transit Commission (MTC), we are working hard to make cost-effective rail transit service a reality in the Twin Cities metropolitan area.

Over the past 15 years, we consolidated our public bus service, endeavored to improve our existing road network through Transportation Systems Management (TSM) measures, constructed a downtown transit mall that has served as a model for the nation, and planned extensively for rail transit service. We remain dedicated to finding new approaches and techniques for achieving our goals in the most efficient and effective manner possible.

All of our work is focused on the development of a balanced transportation system for our region. There is a strong regional consensus for achieving that goal.

Just under a year, ago our Regional Transit Board submitted documentation to UMTA summarizing our rail transit planning activities to date and seeking federal assistance to complete those activities. We propose to update the region's recent planning, alternatives analysis, and environmental impact studies to support our proposed Construction Efficiency and Local Overmatch Pilot Project (CELOPP).

As indicated by its name, our proposed project consists of two parts. First, it reflects the goals of the Local Overmatch policy announced by the Secretary of Transportation in March 1989. Second, it incorporates fixed-price, turnkey construction contracting and project management techniques like those to be used in Houston's System Connector project that was awarded last month. Let me elaborate on both parts.

Hennepin County established a two-mill property tax in 1988 to serve as dedicated local funding for LRT development. The federal share we seek for our proposed project would not exceed 35 percent, up to a maximum of $250 million, over a five-year period. Federal matching funds would be used to leverage scarce additional state and private sector investment in the both the pilot project and extensions to build the regional system.

The construction efficiency component of this pilot project will demonstrate that, with appropriate performance specifications and contracting incentives, fixed-price contracting can reduce project costs and ensure timely project completion.

During this past year, HCRRA commissioned a study, international in scope, to compare the conventional transit development process utilized in this country with fixed-price and turnkey contracting used more commonly overseas. That study concluded that turnkey contracting could provide us with a better means of ensuring quicker project implementation, better cost control, and better sharing of project risks with the private sector.

We intend to procure the pilot project on a turnkey basis. This means we will solicit proposals from qualified bidders, conduct competitive negotiations among the best teams, and award a single contract with a guaranteed maximum price to build the project to our performance specifications.

To implement our pilot project, we are seeking your support for an expedited process, funding, and oversight of UMTA activities in this regard. Our pilot project is estimated to cost $200 million. Funding and local consensus for that project are already in place. We are requesting authorization of $30 million in each of fiscal years 1992 and 1993 for this project.

The resulting federal share of $60 million dollars is only 30% of project costs -- the lowest federal share for any federally-funded fixed guideway project to date. Our dedicated local resources consist of a two-mill property tax that generates approximately $21 million annually and can be bonded for the local share of $140 million.

We are also seeking authorization for $55 million in fiscal year 1994, $60 million in fiscal year 1995, and $75 million in fiscal year 1996 for a total of $250 million. In the suggested statutory and report language that we are prepared to submit to the Committee, we have specified a deadline of October 1, 1993, to put in place dedicated local funding to overmatch the federal funds requested in fiscal years 1994, 1995, and 1996. If we are not successful in meeting this deadline, we are prepared to relinquish our claim to 1994, 1995 and 1996 federal funds.

To implement our proposed project, we are making and will continue to make a good faith effort to achieve UMTA's Major Capital Investment Policy objectives within a framework of timely intergovernmental decision making. But to do so requires a true federal/local governmental partnership -- something beyond the existing UMTA transit development process.

While UMTA decries the earmarking process, we are convinced that its existing transit development process creates the very climate whereby local agencies such as HCRRA, out of frustration with endless delays inherent in the UMTA process, seek Congressional support for viable and worthy projects.

In fact, critics of UMTA's Major Capital Investments Policy argue that the process itself contributes to -- rather than controls -- lower than forecast patronage and higher than estimated capital and operating costs. To date, such results have all occurred under the conventional approach, in which there are three to four years of planning for every year of project construction.

It is in the interests of all, especially UMTA, to improve our methods of leveraging scarce federal resources while better meeting project cost, schedule, and performance objectives. That is why we welcome the Secretary's Local Overmatch policy and why we intend demonstrate how it can result in improved project delivery.

In exchange, we are asking you to require UMTA to implement its promise of removing barriers for new start projects with a large majority of local funding. With this shift in project financial risks to the local project sponsor and the private sector, we believe it is reasonable and equitable to expect a commensurate reduction in federal red tape.

In particular, we are requesting the Committee to recognize and acknowledge the extensive system planning eforts already completed in the Twin Cities metropolitan area and therefore to waive the statutory criteria for new starts and to authorize an expedited environmental impact and project analysis process for our Construction Efficiency and Local Overmatch Pilot Project. We are also asking the Committee to direct UMTA to waive its requirements for transportation system management alternatives as well as other requirements of its Major Capital Investment Policy that would delay implementation of the project.

Mr. Chairman and Committee members, we believe that our proposal is inherently fair, reasonable, and of national significance. The Twin Cities are one of 21 metropolitan areas of over 2 million population in this country. We rank 16th in size. Since 1982, the State of Minnesota has contributed more than $87 million to the Transit Account of the Highway Trust fund. In return, we have received only $17 million in Section 3 grants for buses and bus-related facilities. Of the largest 19 metropolitan areas in this country, we are the only one that has not received any Section 3 funds for a fixed guideway project.

Mr. Chairman, we are seeking a balanced transportation system and fairness in its development. Again, we appreciate the Committee's consideration of our Construction Efficiency and Local Overmatch Pilot Project. With the Committee's assistance and support, we will advance mass transit in the Twin Cities and demonstrate improved project delivery to the benefit of other future new start projects around the country. Thank you.

# PUEBLO DE SAN FELIPE

OFFICE OF THE GOVERNOR

RECEIVED
APR 17 1991

April 17, 1991

The Honorable Norman Mineta, Chairman
Subcommittee on Surface Transportation
United State Congress
B376 Rayburn House Office Building
So. Capitol St. & Independence Avenue SE
Washington, D.C. 20515

Dear Chairman Mineta:

We were informed by Congressman Richardson's office that testimony is still being received on the Surface Transportation Act re-authorization for funding. As the Governor of the Pueblo of San Felipe, I have a number of concerns in regard to several of our roads on the reservation. Our primary concern is the "farm to market roads." Many of our tribal members are farmers and these roads are in need of paving to improve the delivery time of fresh produce to markets in Albuquerque and Santa Fe.

Another need is the paving of the main arteries at the entrance of the village. This would cut down on dust pollution and vastly improve the condition of the road bed.

There are several roads on the reservation which require compacting and graveling. These include the east Tonque Arroyo Road from Interstate-25 to the eastern boundary of the reservation and the west bank roads in both the north and south quarters of the area to the extreme limits of the reservation.

The Pueblo of San Felipe's need for road improvement and repair is great. We appreciate this opportunity to share our concerns with you and to request maximum funding for the improvement of reservation roads.

Sincerely,

Frank Tenorio
Governor

xc: Congressman Bill Richardson
Daniel Sanchez, All Indian Pueblo Council

TELEPHONE (505) 867-3381 P.O. BOX A SAN FELIPE PUEBLO, NEW MEXICO 87001

ALL INDIAN PUEBLO COUNCIL

**TESTIMONY TO THE**
**HOUSE SUBCOMMITTEE ON SURFACE TRANSPORTATION**
**APRIL 22, 1991**
**ALL INDIAN PUEBLO COUNCIL**
**3939 SAN PEDRO, N.E.**
**ALBUQUERQUE, NEW MEXICO 87110**

Mr. Chairman and members of the Subcommittee, we are pleased with this opportunity to provide recommendations leading to the reauthorization of the Surface Transportation Bill. It is especially important that the nineteen Pueblos of New Mexico have been requested to address the inadequate levels of funding among other issues for surface transportation purposes on Pueblo tribal lands.

The All Indian Pueblo Council (AIPC) is an organization which represents the nineteen Pueblo Indian tribes of New Mexico. Historical recordings show AIPC was formally established in 1598, however, the members believe the organization may have been in existence well before that date. AIPC has long been a force in assisting the Pueblo members with pressing problems that have been the direct result of Federal policy changes resulting in unrealistic funding levels and imposed Federal legislation that have never realistically address Indian socio-economic needs.

Roads development within the exterior boundaries of each of our member Pueblos are in varying stages, but all share the

immediate need to improve the road systems and to repair the existing dilapidated road conditions in the Pueblo communities. Too often, the tribes are not aware of the lack of funds through the Bureau of Indian Affairs (BIA) until requests for road improvement or new construction are made. There should be, as well, recognition for longer appropriation expenditure time frames because of the lead time necessary to plan and implement actual construction. Perhaps, three year carry-over authority should be considered using existing Federal law for contractual agreements.

Pass through Federal funds that go to the State of New Mexico almost never return directly to the Indian tribes as well. On a small scale, tribes benefit indirectly by improvements and new construction with the major roads, such as interstate highways and other major arteries, but Indian people pay far more state transportation related taxes than what they get in return.

It is important for Congress to understand that New Mexico is a vast rural State, and that the majority of the Indian reservations are located in isolated areas statewide. And, especially that in order for economic development to be successful in New Mexico for everyone, the road systems must be improved and it must include the Indian tribes transportation systems need.

We are informed the Area BIA had been conducting a surface transportation needs analysis, however, the study that has been conducted over five years will not be available to Congress for consideration for this current Surface Transportation Bill.

The All Indian Pueblo Council is very supportive of the

overall road improvement and repair needs of New Mexico, but especially improvements to Pueblo roads. As an example, we support the proposed improvements for Albuquerque's freeways, especially the area beginning at the I-25 and I-40 exchange to Unser Boulevard. We support an on-off ramp at Twelfth Street as well. The Indian Pueblo Cultural Center, also a State Information Center and the current activity to develop 44 acres on the old Albuquerque Indian School property will enhance our development and will benefit the City of Albuquerque with the placement of an on-off ramp at Twelfth Street.

Recommendations:

1. Adequate funding must be made available either directly or through special line item appropriations to Indian tribes, which would guarantee meeting the unique surface transportation needs of each Pueblo tribe. The method that is eventually adopted must insure a set-aside of funds for the Pueblos tribes including carry-over authority for appropriations because of the time frame involved from planning to actual construction.

2. Funds must be made available for tribes to conduct comprehensive analysis of their current and future surface transportation needs under authority of the Indian Self-Determination and Education Assistance Act as amended.

3. Congress must mandate States to consult with Indian tribes on proposed improvements to state road systems and in some cases, it may be appropriate for States and Indian tribes to enter into joint venture road projects; when such is necessary.

We support the testimony provided by the Honorable Bill Richardson, and while we are not sure how reliable the data that was provided by the Bureau of Indian Affairs, the nature of his testimony is very accurate.

Attached is data provided to AIPC by some of the Pueblo tribes and the BIA Northern Pueblos Agency and BIA Southern Pueblos Agency offices. These documents address certain specific surface transportation needs of the Pueblo, but should there be any questions, the BIA Road Departments should be contacted.

Thank you Mr. Chairman for the opportunity to provide our comments to the Subcommittee. We stand ready to assist and provide more information to help reauthorize the Surface Transportation Bill especially to target Pueblo Indian road systems as may be recommended by the AIPC member Pueblos.

Respectfully Submitted

ALL INDIAN PUEBLO COUNCIL

James S. Hena

James S. Hena, Chairman

Mr. MINETA. There being no further business before the committee, we stand adjourned.

[Whereupon, at 6:46 p.m., the committee adjourned, to reconvene at the call of the Chair.]

# REAUTHORIZATION OF SURFACE TRANSPORTATION PROGRAMS

THURSDAY, APRIL 18, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SURFACE TRANSPORTATION,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:04 a.m. in room 2167, Rayburn House Office Building, Hon. Norman Y. Mineta (chairman of the subcommittee) presiding.

Mr. MINETA. The subcommittee will please come to order.

I am pleased to announce that this is the final Washington, D.C. hearing on the Surface Transportation Reauthorization Bill. Needless to say, we are a lot wiser from the experience of our thorough hearing schedule.

I'd like to take this last opportunity to reaffirm the importance of our mission and to thank all of those who have been participating in the past hearings as well as in today's hearings.

The members of this subcommittee have the chance to craft legislation which is visionary: legislation which will not only address our transportation system, but help us meet our national needs in terms of competitiveness, the environment, and our all around quality of life.

Our transportation network will only truly improve in the years ahead if we put our increasingly scarce Federal dollars where the needs are today, and where they must be in the future. That foresight demands not a single strategy, but a series of policies that will be responsive to State, regional and local needs well into the next century.

We will be hearing from some of our congressional colleagues and we will also hear testimony from national experts on the issues of highway construction and safety as well as a wide variety of important transportation issues.

I look forward to hearing the testimony of today's witnesses. Their insights on these issues will be very helpful as we continue to formulate our committee and House legislation.

At this time, I'm very pleased to yield to our fine Ranking Republican Member from Pennsylvania, Bud Shuster. Bud.

Mr. SHUSTER. Thank you very much, Mr. Chairman.

Mr. Chairman, first, I want to congratulate you for the diligence with which you've proceeded not only in this set of hearings but throughout the entire effort. We indeed do have the opportunity to

craft a historic piece of legislation and I'm confident that working together on a bipartisan basis, that we will be able to do just that.

While everyone is aware of the many hours that you and everyone have spent publicly working on this, there also have been countless hours behind the scenes where we have been working together to do the hard work of crafting, and I certainly congratulate you and all the members of the subcommittee for their efforts in this historic enterprise.

Thank you.

Mr. MINETA. I'm pleased to see that we are honored by the presence of the Chairman of the full Committee on Public Works and Transportation, Chairman Roe.

Mr. Shuster.

Mr. SHUSTER. Mr. Chairman, I ask unanimous consent that a statement by the Honorable John Paul Hammerschmidt, Ranking Member of the full Committee also be inserted in the record.

Mr. MINETA. Without objection.

[Mr. Hammerschmidt's prepared statement follows:]

STATEMENT OF THE HONORABLE JOHN PAUL HAMMERSCHMIDT—AUTHORIZATION OF THE POST-INTERSTATE SURFACE TRANSPORTATION PROGRAMS

Thank you, Mr. Chairman. Today we begin our third day of Washington hearings on legislation which will be one of the most significant accomplishments of the 102nd Congress.

We have heard from many distinguished public officials and private individuals, and I am looking forward to the comments of our witnesses, who come from a broad array of interests—mayors, State legislators, highway users and builders, recreation and safety advocates, trucking officials, and many others.

Your input is extremely important to this process, and I can assure you that your views on the administration proposal will be considered very carefully by the committee. We want this bill to be the best response to the Nation's needs as a whole—a bill that will ensure we have a transportation system that will enable us to effectively compete in the international marketplace. We also want a bill that will improve safety on our Nation's highways.

I welcome you to the committee and appreciate your testifying here today.

Mr. SHUSTER. And also, Mr. Chairman, I also have a statement from my colleague from Pennsylvania, Mr. Coughlin, that I would like inserted into the record at this point.

Mr. MINETA. Without objection, so ordered.

[Mr. Coughlin's prepared statement follows:]

Statement of Congressman Lawrence Coughlin

Surface Transportation Reauthorization

I am pleased to submit this statement in connection with hearings on the Surface Transportation Reauthorization Bill. Following are three areas I would hope the Committee will consider. The first is **five legislative initiatives** that are important to mass transportation--both big city and small town. The second is the **ratio between transit and highway spending**. The third is a **highway-transit demonstration project** of great importance to my Congressional District and the surround area. I am seeking to have the legislative initiatives, the spending ratio, and the demonstration project included in any new Surface Transportation Bill. Your support of all or any of these proposals would be very helpful in furthering transportation.

Legislative Initiatives

1. **H.R. 954** requires states establish and implement a safety program plan for each rail fixed guideway mass transportation system not regulated by the Federal Railroad Administration. Fixed guideway transit systems such as trolleys and light commuter rail systems currently fall between the cracks and are not subject to any safety regulating jurisdiction. The affected areas are the eight rail mod cities: New York, Philadelphia, Chicago, San Francisco, Boston, Pittsburgh, Cleveland, and New Jersey Transit; Washington, D.C.; and new start cities. Bus turn around lanes, technically fixed guideways, are excluded.

The plan includes safety requirements, lines of authority, levels of responsibility and accountability, and methods of documentation. States also must designate an agency responsible to 1) require, review and approve, and monitor implementation of plan and 2) investigate hazardous conditions and accidents and require corrective action.

The penalty for non-compliance is withholding Highway funds: 5 percent each of the first two years, 10 percent thereafter. This is the same penalty for states which do not revoke driver's license of convicted drug law violators (Section 333, PL 101-516, Fiscal Year 1991 Transportation Appropriations). There is an over two year grace period before penalty applies.

New York is the only state with a Public Transportation Safety Board, a special agency created by New York legislature to be independent, investigative and advisory body for safety of public transportation systems. Six states (California, Georgia, Maryland, Massachusetts, New Jersey, and South Carolina) have public utility commissions with varying regulatory authority and responsibility for transit safety. Thirteen states (California, Florida, Idaho, Indiana, Iowa, Louisiana, Maine, Massachusetts,

Michigan, Montana, New Jersey, New York, and Utah) have designated an agency for transit safety oversight. Three states (Florida, New York, and Utah) require system safety plans.

This is recommended by the National Transportation Safety Board and supported in principal by the Administration. Urban Mass Transportation Administrator Brian Clymer said "a process of independent safety audit and oversight of local public transportation is vital." Former Urban Mass Transportation Administrator Al DelliBovi said "I would like to see State safety regulations in place, State transportation safety boards which have a regulatory role, and I would like to see the Federal government providing guidance."

2. H.R. 955 gives the Urban Mass Transportation Administration (UMTA) the authority to promulgate drug testing regulations. Although five anti drug programs have been upheld for other transportation modes, on 19 January 1990, U.S. Court of Appeals for the District of Columbia Circuit held that UMTA did not have sufficient statutory authority to issue drug rules for recipients of federal mass transit assistance. (Amalgamated Transit Union, et al. v. Skinner, et al., Nos. 89-5380, et al. (D.C. Cir. Jan. 19, 1990). UMTA subsequently suspended its rule.

The UMTA rule is equivalent to the others in every material respect. In this case, the court did not say UMTA drug rule flawed or unnecessary. The court said Congress had not authorized UMTA to enact one.

The UMTA drug rule was issued in November 1988, having been developed with full public participation. The rule was effective for large transit systems from 21 December 1989 to late January 1990. A number of positive tests resulted during this period even though most transit systems had not begun the random drug testing portion. Random testing works as it resulted in a drug use drop from 27.6 percent in 1980 to 4.8 percent in 1988 at the Department of Defense and 10.3 percent to 2.8 percent in 1988 at the Coast Guard.

This regulation would cover only sensitive safety workers of recipients of UMTA funds. It is estimate 195,000 transit workers would be subject to such drug testing requirements as pre-employment, post accident, reasonable cause, random, and return to duty drug testing, as well as drug training and education. There are detailed procedures to protect employees' privacy and ensure confidentiality of results: 1) only Department of Health and Human Services certified laboratories are used, 2) employers must submit blind samples to assure continued accuracy, and 3 ) an initial positive test is retested under second analytical procedure using a different technique and chemical principle before a positive test confirmed.

A medical review officer notifies an employee of a positive

test and allows an opportunity to explain. The employee has the right to retest the same sample by different lab. Firing is not required--only that employee not perform a sensitive safety job until he or she no longer tests positive. Rehabilitation not required.

The public entitled to drug free mass transit operators. This would give UMTA the authority to provide the commuting public the same antidrug protection as other travellers. This is supported by the Administration.

3. H.R. 956 expands the definition of mass transit maintenance items to include all supplies and maintenance expenses except fuel and labor. It makes operating expenses non-capital expenses and capitalizes all maintenance expenses. As operating subsidies are reduced, transit systems would be able to receive more funds for maintenance.

There is a hold harmless provision for computing the amount allocated for supplies and other non-capital items based on average operating assistance Fiscal Years 1989 through 1990. There also is a provides for new urbanized areas under 1990 census. This is supported in principal by the Administration.

4. H.R. 958 authorizes the use of Federal-aid bridge replacement and rehabilitation funds for transit and railroad bridges which cross highways. These bridges are often similar to orphan bridges. A deficient or unsafe rail or transit bridge serving a highway causes just as many problems as a highway to highway crossing. Expanding the universe of eligible bridges expands bridge construction union jobs. This is supported by Amtrak and local transit authorities.

5. H.R. 1605 allows states flexibility to use highway funds for transit or rail projects which alleviate traffic congestion or improve air quality. This is a transportation investment strategy which can be tailored to needs of individual states instead of being mode-specific approach. It encourages the most cost-effective and efficient transit, intercity and commuter rail capital projects.

Up to 25 percent of primary, secondary, and urban highway funds may be used but not interstate highway funds. This ensures that the interstate system will be completed. A 25 percent local share is required. Supported by Amtrak and local transit authorities.

Ratio of Transit to Highway Spending

The ratio of mass transit to highway funding should be at least $1 to $4 and I am in the process of introducing H. Con. Res. ___ is a sense of the Congress resolution to that end. This is the ratio used in the 1982 gas tax increase and for several years thereafter. It is also the ratio that the Department of

Transportation requested of the Office of Management and Budget for Fiscal Year 1992.

Highway-Transit Demonstration Project

Finally, I respectfully request a highway-transit demonstration project. The highway portion would widen and improve safety on United States Route 202 between King of Prussia and Montgomeryville in Pennsylvania. This segment is the number one priority of the Montgomery County, Pennsylvania, Planning Commission. It is the missing link between two on-going projects, the Route 202 project from I-76 to PA 252 in the vicinity of King of Prussia, largely in Representative Richard Schulze's District, and Representative Peter Kostmayer's Route 202 project from Montgomeryville to Doylestown. Work on the Environmental Impact Statement is already underway. The total cost of preliminary engineering, right-of-way, and construction is estimated at $30 million.

The transit portion would build a park and ride station for the Southeastern Pennsylvania Transportation Authority (SEPTA) where Route 202 and the SEPTA R5 Lansdale Line cross in Lower Gwynedd Township. This intermodal segment is part of the Route 202 project supported by the local planning commission. It also has the strong support of SEPTA officials. The total cost of preliminary engineering, acquisition, and construction is estimated at $5 million.

This highway-transit demonstration project is critically needed for improving travel and road safety in my Congressional District and the surrounding area. Your favorable consideration of it, the five legislative initiatives, and the transit to highways spending ratio would be greatly appreciated.

Mr. MINETA. Chairman Roe, we're pleased to have you here with us today. Mr. Chairman, if you would like to make an opening statement?

The CHAIRMAN. Mr. Chairman and members. Yesterday, as you know, a full committee hearing was held, and we heard eloquent and compelling testimony from Pat Choate and others about the imperative need for a national program of infrastructure investment. All our witnesses emphasized, time and again, the close link between the infrastructure, investment and economic development. We had a very good discussion in that direction.

I know you're working in your hearings in bringing that issue into focus. So, without further ado, Mr. Chairman, I would ask unanimous consent that my statement be included in the record at this point.

Mr. MINETA. Without object, so ordered.

[Chairman Roe's prepared statement follows:]

STATEMENT OF HON. ROBERT A. ROE, CHAIRMAN, COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Mr. Chairman, yesterday we held a full committee hearing during which we heard eloquent and compelling testimony from Pat Choate and others about the imperative need for a national program of infrastructure investment. All of our witnesses emphasized time and again the close link between infrastructure investment and economic development.

Yet yesterday the House approved a budget resolution for 1992 and beyond that simply does not do the job. Instead of providing the funding levels that will allow you, Mr. Chairman, and the members of this subcommittee to develop a visionary, forward-looking transportation plan for the 21st century, the House budget resolution provides only minimal increases beyond the President's clearly inadequate transportation budget.

Instead of the 5-year $153.5 billion program for highways and transit that the Public Works and Transportation Committee recommended, the H. Con. Res. 121 provides only $120.5 million. That is more than we are investing now but it is just not enough if our Nation is to remain competitive with other nations in the global economic competition.

The budget process is preventing us from investing adequate funds for the economic future of the Nation. It has created an artificial process in which infrastructure investment is competing with other forms of spending when there really is no such comparison. Infrastructure investment improves productivity, revitalizes the economy, and provides tangible economic paybacks over years and decades.

If we cannot work through the budget process to prepare for the 21st century global economy, we must find new sources of revenue that will fund an infrastructure investment program on a pay-as-you-go basis. Mr. Chairman, you and I have talked at length about a new 5-cent gas tax, a nickel for America, that will raise the funds needed for infrastructure investment. We would require the funds from the additional 5-cent tax to be spent on transportation infrastructure or we would not impose the tax.

The development of an intermodal transportation system involving highways, mass transit, airports, harbors, and inland waterways is crucial to the economic future of our Nation. Investment in the infrastructure is the means to create the new wealth of the Nation, the way to find the funds to deal with our other problems.

Our transportation policy will be key to our economy, our environment, and to our ability to reduce our dependence on foreign oil.

I look forward to hearing from our witnesses on these important issues.

Mr. MINETA. I have received a statement from our colleague from Illinois, Mr. Jerry Costello, that I will insert into the record at this point.

[Mr. Costello's prepared statement follows:]

STATEMENT OF U.S. REPRESENTATIVE JERRY COSTELLO OF ILLINOIS—AUTHORIZATION OF THE POST-INTERSTATE SURFACE TRANSPORTATION PROGRAMS

Mr. Chairman, I am pleased to be here to continue our preparation for the reauthorization of the Surface Transportation Assistance Act. This series of hearings has been very useful and I look forward to our continued inquiry today.

I would like to welcome our witnesses and thank you, Mr. Chairman, for convening us here.

Mr. MINETA. Any other members with opening statements?

[No response.]

Mr. MINETA. If not, we are pleased to have with us our fine colleague from Pennsylvania, Mr. Kanjorski. Mr. Kanjorski, your statement will be made a part of the record, so if you would go ahead and proceed in your own fashion.

## TESTIMONY OF HON. PAUL E. KANJORSKI, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

Mr. KANJORSKI. Thank you very much, Mr. Chairman.

Mr. Chairman, first, may I congratulate the committee for its enlightened approach to the need for highway systems in the country and the improvement of our infrastructure. I'm here today to request that we utilize the highway funds for projects which will stimulate economic development, particularly as a part of the interstate highway system's future expansion.

I represent a district in northeastern Pennsylvania which has Interstate Highways 80, 81, 84 and the Pennsylvania Turnpike within its boundaries. When the interstate highway system was originally constructed, northeastern Pennsylvania was in the depths of a long-term recession or depression as a result of the failure of the anthracite coal industry in the United States.

Since that time, over the last 30 years, northeastern Pennsylvania has made a bootstraps effort with great success in diversifying its economy from dependency on production of anthracite coal to a very diversified industrial base where there are very few large employers—when I say large, that is employers employing more than 1500 people—but where the diversity of the amount of employment in the area has just grown tremendously.

With the great economic expansion of the State of New Jersey recently and other areas on the east coast we consider ourselves the secondary market.

Unfortunately, because of a lack of the capacity to build airfields due to the terrain and the crowded sky on the east coast, we cannot rely on further expansion of airports for transportation, but must rely primarily on the highway system.

The requests I have before the committee today are not major requests for new highways; rather, they are for new access to the existing interstate highway system. We have a highway system that is quite sufficient to meet the needs economically and otherwise of northeastern Pennsylvania, but in many areas, large masses of our land is severely limited in terms of proper access.

When the original highway was designed, Interstate Highway 81 plans were made for additional exits to be constructed in the future. The first project I'm talking about today is the Highland Park Exit 46. As you go up 81, you'll come to Exits 44, 45 and then you jump over 46 and go to 47. There is a planned exit which I am

asking now to be installed. The need for it is a result of a very large distribution center that is in the process of construction that will cause thousands of trucks a day to come on and off the highway.

For public safety and for economic development purposes within the area, it is essential that the committee designate Exit 46 as a demonstration project to show how coordinated infrastructure on behalf of the Federal Government can aid and assist in the expansion of economic development at the community level.

My testimony will include the amount of people involved, the creation of thousands of jobs that will be created with just this one interchange, and the amount of private sector investment well in excess of $150 million that is located right in a nearby business park. But without this proper access, even limited growth will strangle the secondary roads in the area.

The second interchange, off of I-81 is the Mountaintop Exit, Exit 45K. The need for this exit is to provide increased access to I-81 for expansion occurring in an industrial park of approximately 1,000 acres, which features a new section recently opened totaling 350 acres. We probably will have another national distribution center locating there requiring the movement of about 1,400 trucks per day in and out of the park.

Right now they have to traverse the secondary State highway system to get from that industrial park to the interstate highway approximately 4 miles away over mostly two lane highways. It's dangerous, but worse than the danger, it has inhibited the economic development of thousands of acres of land within the area. Without Exit 43A, again, we will seriously impede the economic development of the area.

I would request that these exits on Interstate 81, 43A and 46, be designated demonstration projects to show that advanced planning on the construction of the interstate highway system was done with some wisdom. Moreover, that it is required that the Federal Government follow that advanced planning by keeping the promises made when the interstate highway system would be constructed—when additional access was needed to accommodate the traffic and the industrial development of an area, the Federal Government would provide that support system.

I can't more strongly state that the literally thousands of jobs depend on these two interchanges onto I-81. The amount of investment of the Federal Government involved in these interchanges will be well-spent, in terms of returned revenue to the Federal Government. Furthermore, this Federal investment will stabilize the economy of an area of northeastern Pennsylvania that had suffered for more than 50 years from extreme depressed conditions. Now we are just about at the point of joining the of relative prosperity of the east coast region.

If we don't take advantage of the opportunity now, over this next 5-year period, we will materially set back the economic growth and the prosperity of northeastern Pennsylvania.

Mr. MINETA. Thank you very much, Congressman Kanjorski.

Let me ask, where does this meet in terms of the ratings with PENNDOT in terms of the 12-year capital improvement program?

Mr. KANJORSKI. In the one instance, exit 46 is now being strenuously argued to be put on the 12-year program but the limitations—as my good friend, Mr. Shuster from Pennsylvania knows—of PENNDOT and the budgetary constraints in Pennsylvania at the present time, this project is competing with a multiplicity of other projects and we really don't know the likelihood of it being approved. I'm in close contact with the Secretary of Transportation in Pennsylvania and, if it is designated, I would inform the committee and withdraw that request and just ask for exit 43A.

Exit 43A has no opportunity at this point to be placed on the 12-year program because of the fantastic amount of requests in Pennsylvania. The funds just wouldn't be there in the foreseeable future.

Mr. MINETA. As you well know, these two projects would be eligible for construction as an interstate reconstruction project with a 90 percent Federal share. If additional amounts of Federal funds are provided for these two projects, would the State of Pennsylvania be able to provide the 10 percent share to complete the project?

Mr. KANJORSKI. I have personally talked to the Secretary of Transportation, Howard Yerusalum, and he's assured me that if the Federal Government sees its way to approve these as demonstration projects, Pennsylvania will do anything and everything to provide the State share.

Mr. MINETA. Thank you very much.

Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman.

As my good friend knows, I'll help in every way we can here. I think these are very meritorious projects and we want to do everything we can to be helpful.

Mr. KANJORSKI. Thank you very much, Mr. Shuster.

Mr. MINETA. Any other questions of Mr. Kanjorski?

[No response.]

Mr. MINETA. If not, again, thank you very much.

Mr. KANJORSKI. Thank you very much, Mr. Chairman.

[Mr. Kanjorski's prepared statement follows:]

TESTIMONY OF CONGRESSMAN PAUL E. KANJORSKI
BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION
APRIL 18, 1991

Mr. Chairman, I appreciate the opportunity to testify before you and the other members of the Subcommittee this morning. The reauthorization of the Surface Transportation Assistance Act has afforded Congress the opportunity to examine this country's transportation priorities and take swift action to stem the deterioration of the nation's roadways and infrastructure while stimulating badly needed economic growth. Consistent with these goals, I would like to request your support for two very important proposed highway projects in my district.

Both projects are vital improvements to Interstate 81, a north-south highway critical to the transportation needs of the Northeast region of the United States. When Interstate 81 was constructed, highway planners reserved the exit number 46 in anticipation of future growth in the Wilkes-Barre metropolitan area. That growth has occurred, in fact, far beyond anyone's ability to predict even ten years ago as Northeastern Pennsylvania experiences an economic renaissance.

The proposed projects involve the construction of two new exits off of Interstate 81 and related highway improvements - one in the vicinity of Mountaintop, Pennsylvania (exit 43a) and the other near Wilkes-Barre, Pennsylvania (exit 46). Both proposed projects would substantially improve access to two rapidly expanding industrial parks which are adding vital jobs to Northeastern Pennsylvania. The construction of these exits and related improvements will enhance public safety, reduce congestion, and provide for planned economic development in areas which have been economically disadvantaged.

**Proposed Exit 46** - Severe traffic congestion in the east quadrant of Wilkes-Barre is a serious and constant problem. The traffic flow on Route 309, which is the main thoroughfare in this section of the city as well as the primary means of access to the fast growing Highland Park Business Park, is especially bad. Wilkes-Barre elected officials, local economic development groups, and the area business community are unified in support of the construction of a new exit off of Interstate 81 and related road improvements which will alleviate the present traffic problems and provide for orderly economic growth.

The Greater Wilkes-Barre Partnership, an economic development organization serving the Wilkes-Barre area, has conducted a study of the traffic situation in the east quadrant of the city which identified the seriousness of the present problem and made recommendations about future action. The Partnership's study found that the present traffic congestion on Route 309 is more

than an inconvenience; it poses a threat to public safety and imposes severe constraints on economic development.

I was particularly convinced of the need for the Partnership's proposed project after learning of the results of research on present and projected traffic flow and development in the area. The Partnership's study of the east end quadrant found that during the last six years, the number of major traffic generators in the region has grown from eight to nineteen, causing an increase in vehicle trips per day from 37,775 to 56,715. In addition, my personal experience driving in this area has convinced me this additional exit is crucial.

By 1995, growth in the new East Mountain Business Park, which is located in a nearby municipality, the Highland Business Park, and in the surrounding vicinity will dramatically compound the present traffic problem. I was struck by the Partnership study's conclusion that within the next four years, buildings now under construction, planned, or anticipated will add fifteen traffic generators to the quadrant which will create 50,000 additional vehicle movements per day. I was further convinced of the necessity to take action now after reviewing the study's conclusion that by 1996/97, the quadrant will employ 22,000 persons in thirty-four major traffic generators which, including "pass through traffic," will result in at least 150,000 vehicle trips a day.

For years, the Greater Wilkes-Barre Partnership, Wilkes-Barre, Pennsylvania Department of Transportation, Luzerne County, local businesses, and concerned citizens have been working to address the growing traffic load in the east end quadrant. This coordinated effort is evident by the Partnership's plans to devote land valued at over $1 million for the proposed I-81 exit. In addition, Wilkes-Barre, Wilkes-Barre Township, Luzerne County, and Pennsylvania Department of Transportation each have contributed funds for a study of the east end quadrant while private investment in area road projects totals nearly $5 million.

The Partnership has submitted its proposed construction/road improvement proposal to the Pennsylvania Transportation Commission for inclusion on the state's Twelve Year Program which would enable the project to receive funding. Unfortunately, Pennsylvania, like many states, is experiencing a severe budgetary crisis which precludes the Pennsylvania Department of Transportation from providing the full financial support for the project which they have estimated will cost $15,000,000. To enable the design, site acquisition, engineering, and construction of this project I ask that $12,000,000 be authorized for this purpose.

**Proposed exit 43a** - Mountaintop is a growing municipality just south of Wilkes-Barre near Interstate 81 which, like Wilkes-Barre, has been economically disadvantaged. The local economy of Mountaintop has recently shown progress in recovering from the devastating results of the recessions of the 1970's and early 1980's. One of the most notable success stories in Mountaintop has been the development of the Crestwood Industrial Park. Unfortunately, the park's rapid growth has caused traffic problems on Route 309 which serves as the only major north-south roadway through the town as well as the main point of access to the park.

Working with local municipal and county officials, the Greater Wilkes-Barre Partnership has studied the situation in Mountaintop and determined that construction of a new exit off of Interstate 81 and related road improvements in Mountaintop are needed to correct the present traffic flow problems and provide for future planned growth. I was particularly convinced of the need for this project when I learned of the strong possibility of a major distribution center locating in the park which would dramatically increase truck traffic by as many as one thousand trucks per day on Route 309 and significantly worsen the present traffic flow problem. In addition, two other large industries are on the verge of deciding to locate in Mountaintop.

As I noted earlier, the state's budgetary constraints prevent the Pennsylvania Department of Transportation from devoting full financial support to this project which is estimated will cost $18,000,000. To enable the design, site acquisition, engineering, and construction of this project, I urge that $14,400,000 be authorized for this purpose.

Mr. Chairman, once again I would like to thank you and other members of the Subcommittee for the opportunity to testify about these highway projects which are so important to the safety and economic welfare of citizens in Mountaintop and Wilkes-Barre, Pennsylvania. It is my hope that you will find these projects are in agreement with sound transportation policy goals which I know you are seeking to enact.

Mr. MINETA. At this time, I'd like to submit for the record, the statement of the Governor of West Virginia and our colleague, Congressman Nick J. Rahall.

[Congressman Rahall's prepared statement follows:]

Nick Rahall

STATEMENT OF

HONORABLE NICK J. RAHALL, II (D-WV)

HEARING BY THE SUBCOMMITTEE ON SURFACE TRANSPORTATION

April 18, 1991

MR. CHAIRMAN, I am pleased today to provide the Subcommittee with testimony from the Honorable Gaston Caperton, Governor of the State of West Virginia. Governor Caperton's testimony provides a broad view of the current needs of West Virginia's Highway needs through the five year authorization of the proposed Surface Transportation Assistance Act of 1991.

I would like to spend a moment emphasizing two important points the Governor has made. I will conclude with the specific projects which are priority projects affecting my Congressional district.

The State believes that it is imperative that the some 2,200 miles it requested from the U.S. Department of Transportation be included in the proposed National Highway System. I concur with this assessment. Governor Caperton correctly points out that West Virginia serves this Nation, fueling our economy with our precious natural resource of coal.

Mr. Chairman with the advances in the mining industry today, it is easier to move coal from its seam beneath the earth than it is to move it over our deteriorating roadways. Today, we have an opportunity to correct this unbelievable fact.

I will again point out to my fellow subcommittee members that we must look to assisting States with energy transportation impacted roads. It is vital for West Virginia, yes, but it is no less vital to these United States.

Secondly, as Governor Caperton explains, the Administration's proposed federal/ state match ratios will sound the death knell for many desperately needed road improvements for the State. The Administration's offer of flexibility is in essence saying to our states, "OK, you can do more with your federal dollars, now here is less with which to do it. Does this make any kind of sense? My answer, West Virginia's answer is a loud, NO.

Mr. Chairman, you joined me last year to tour the most necessary projects in my district. The State of West Virginia has committed millions of dollars for study, engineering, and design on these projects. The communities and interested citizen groups are speaking with one voice on these projects and I would like to briefly review these for the Subcommittee's benefit. It is my belief these projects should be included and my efforts will be to include these important projects in the National Highway System.

o EAST-WEST COMMON GROUND CORRIDOR - This year three citizen groups interested in upgrading the highways generally running East to West in Southern West Virginia, namely the TOLSIA concerned citizens, the Shawnee Parkway Association, and the Bluefield to Huntington Highway Association Highway came together and agreed to a common routing. The TOLSIA section of Route 52 is extremely dangerous. Some estimates indicate that approximately one in every seven tons of coal mined in the Nation travels TOLSIA. Additionally I believe the basic East-West Routing, as proposed by the Shawnee Parkway Association, and adopted in the common ground approach, will bring to our area economic diversity and enhanced access to our scenic wonders.

Mr. Chairman, attached to my statement is a description of the common ground proposal.

o POINT PLEASANT TO HUNTINGTON - This highway as well as its companion highway from Point Pleasant to Charleston will greatly assist the economic development of one of our State's fastest growing regions. It will also certainly enhance the business climate in what I like to call the region's economic triad of cities, Point Pleasant, Huntington, and Charleston.

o COALFIELD EXPRESSWAY (Beckley to Grundy, VA) - This highway could well open up an area of our State which is as important to us and as rich in coal and natural beauty resources as any in our state.

Mr. Chairman, I thank you for your attention and consideration of these comments and those of West Virginia's Governor, Gaston Caperton.

AGREED JOINT POSITION STATEMENT

The Shawnee Parkway Association and the Bluefield to Huntington Highway Association hereby agree as follows:

COMMON GROUND

Each of said highway projections or concepts will be constructed upon common ground and the same course of roadway from POINT A at the juncture of the Flat Top Mountain and Indian Ridge at the head of Pinnacle Creek in the area of the three county (Mercer, McDowell and Wyoming) corner, thence along the Indian Ridge boundary of McDowell and Wyoming counties as a limited access, all-purpose, four lane, divided highway, with appropriate interchanges at crossing of Route 16 near Welch and the other appropriate road crossings, and straightening said roadway as may be feasible with cuts and fills to POINT B along said Indian Ridge course located in the area of Ike's Fork and Wharncliff between Iaeger and Gilbert.

INDEPENDENT COURSES EASTWARD

From POINT A EASTWARD, the SHAWNEE PARKWAY shall maintain and preserve its originally projected course by bridging over the Pinnacle Creek and continue along the course of Flat Top Mountain northeasterly along the highest ground of said Flat Top Mountain through or around the north side of the Booge Harmon Flats or Bluff Mountain, and continuing with the highest ground of the Flat Top Mountain through the Egeria country to a merger with the Interstate 77 at the boundary line of Raleigh and Mercer County, as a four lane, divided, limited access Parkway, and from the area of Flat Top Post Office, the Shawnee Parkway shall continue to be projected as an improved two lane linkage over existing Ellison Ridge Road to connect to the Bluestone State Park and the New River Parkway now under official study and projection.

From POINT A EASTWARD, the BLUEFIELD TO HUNTINGTON HIGHWAY is projected to take the most convenient and feasible route to connect

with I-77 at or near the East River Mountain tunnel interchange of said Interstate with appropriate interchanges along such course.

INDEPENDENT COURSES WESTWARD

From POINT B WESTWARD, the SHAWNEE PARKWAY will continue toward its originally projected connection with the Daniel Boone Parkway in the area of Prestonsburg, Kentucky with the Route projected through the area of Phelps, Kentucky and thence westward to such junction with the Daniel Boone Parkway as an east-west divided, four lane, limited access highway.

From POINT B WESTWARD, the BLUEFIELD TO HUNTINGTON HIGHWAY shall project a course to make most direct and feasible connection with U.S. 52, the "Tolsia Highway," from Williamson to Huntington, West Virginia.

The above statement is submitted to all State and Federal officials and agencies concerned with highway planning and construction and to the public media as an agreed position statement of above named organizations.

Dated this the 14th day of December, 1990.

SHAWNEE PARKWAY ASSOCIATION

By: William Sanders
William Sanders
Chairman

BLUEFIELD TO HUNTINGTON HIGHWAY ASSOCIATION

By: K. A. Ammar
K. A. Ammar, Jr.
President

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

April 17, 1991

The Honorable Norman Y. Mineta
Chairman
Subcommittee on Surface Transportation
United States Congress
2350 Rayburn House Office Building
Washington, DC 20515-0513

Dear Chairman Mineta:

I am sorry that I was unable to accept the invitation of the Honorable Nick Joe Rahall, member of the Committee on Public Works, to personally present my comments on HR 1351, the proposed Surface Transportation Act of 1991, before the Subcommittee on Surface Transportation.

Please find attached hereto, however, my brief written comments relating to how I see the proposed bill as it addresses highway transportation needs in West Virginia.

If I can provide further clarification, please let me know.

Sincerely,

Gaston Caperton

Gaston Caperton
Governor

GC/vc

cc: Secretary Arthur L. Gleason, Jr.
Fred VanKirk, Commissioner

45-155 O—91——33

PRESENTATION BY THE
HONORABLE GOVERNOR OF WEST VIRGINIA, GASTON CAPERTON
TO THE HONORABLE NORMAN Y. MINETA, CHAIRMAN
SUBCOMMITTEE ON SURFACE TRANSPORTATION
April 18, 1991

Thank you for the opportunity to present the State of West Virginia's concerns with the proposed Surface Transportation Assistance Act of 1991, as well as to address certain highway needs of our State.

Our concerns with the proposed Act include:

1) the extent of the proposed National Highway System (NHS);

2) the apportionment formulas/factors to be employed; and

3) the proposed changes in federal/state matching ratios.

While we support the basic concept of the National Highway System, we contend that it is imperative that the current "illustrative" system in West Virginia be expanded to more closely approximate the 2,200 mile system we submitted. We strongly feel that the Administration's criteria should be expanded to allow mileage for service to the areas of our State involved in energy extraction; not only is the coal that is mined in West Virginia exported to other states, it is also exported to other countries. By improving transportation facilities, the price of energy extraction might be made more competitive in the World Market. By increasing the demand for West Virginia coal, economies of the nation, the State and localities may be improved through fuller employment. In addition to the issue of energy extraction, other areas in which we feel the limited mileage of the "illustrative system" fails to provide adequate access include: areas of West Virginia contiguous to vast national forests and recreation facilities, areas connecting to commercial river valleys, and areas of high growth such as our Eastern Panhandle that is currently growing primarily due to the overflow of urban growth from the Washington, D. C. area.

We are in agreement with AASHTO's response to the 1991 Surface Transportation Act when they stated that "...funding is clearly inadequate to meet our national transportation needs, and what money is there is not fairly distributed."

The proposed Act would apportion Federal Highway Funds to the states based upon motor fuel consumption (70%), area (15%) and highway mileage (15%). These factors are not favorable to rural states with relatively low traffic volumes. Preliminary figures

would indicate that West Virginia, under the Administration's proposal, would become a donor state, contributing to more affluent urban states. It would appear that West Virginia would be actually receiving less money than it pays into the Highway Trust Fund; while taxes collected amount to 0.85% of the Highway Trust Fund, our appropriations would only be 0.77% in 1992 through 1994.

Our contention is that if a more equitable apportionment formula cannot be developed, then some allowance should be made for a rural state, such as West Virginia, that has an extensive state highway system (35,000 miles), very difficult terrain and cyclical weather patterns. Some type of "difficulty factor" should be derived that would allow West Virginia to support our fair share of a national highway system.

Our last major area of concern is with the proposed federal/state matching ratios. While West Virginia presently makes extensive state expenditures beyond that necessary to match federal-aid, we will not be able to shift the necessary amount to the federal-aid program to come up with the significantly increased matching share. In West Virginia, it is quite likely that we would have to forego the use of federal funds in order to have a state funded resurfacing and bridge repair program on those 26,000 miles of road not eligible for federal funding. Given our high fuel tax rate (20.35 cents per gallon), West Virginia simply cannot afford to come up with the $21 million in additional matching funds necessary to obtain a $2 million increase in federal-aid.

In addition to our concerns over the 1991 STAA, West Virginia has certain other highway needs that should be enumerated. The topography and climate of West Virginia is such that highway and bridge construction/preservation is extremely costly. Our mountainous terrain and extensive river system combine to bring costs considerably higher than average; data from previous editions of the Federal Highway Administration's "Highway Statistics" indicate that it costs five (5) times the national average to build a mile of Interstate highway in West Virginia. Other construction costs are comparably higher than average. West Virginia is one of only a few states that do not have county highway departments; in West Virginia almost all highways and roads, other

than some in urban areas, are on the state highway system. Some 72% of the mileage the State is responsible for is off the federal-aid system and money generated from our already high fuel tax (20.35 cents per gallon) has to also be spent on this lower functional system. Unlike other states, funds from property taxes are not available for these local roads in West Virginia.

With completion of the construction of West Virginia's extensive Interstate highway system, our priorities have turned more toward preservation of our highway system in order to protect the tremendous investment that generations of West Virginia citizens have made in their highway system. To maintain and preserve the State's highway system to an acceptable standard is both difficult and expensive.

Second only to the problem of roadway preservation is the problem of bridges. In West Virginia, our bridge "problem" is two-fold. First, we have a large number of major structures that we must construct and maintain; for example, practically all of the structures that span the Ohio River between West Virginia and Ohio are constructed and maintained by the State of West Virginia. Second, West Virginia has a higher than average number of bridges that are inadequate; while 40% of the bridges nationally are considered to be deficient, 59% of West Virginia's are deficient, according to a recent issue of the Highway Users Federation's "At Issue" publication. To replace or extensively renovate the almost 4,000 currently deficient bridges will be an enormous cost, not to mention the additional cost of those bridge that are not yet deficient but shall become so in future years.

An additional area of highway "need" is the completion of the currently authorized Appalachian Development Highway (APD) System in West Virginia, presently estimated to cost in excess of one billion dollars. The completion of the currently authorized APD System will not complete our State's expressway system. Among the remaining needs, without going into specific corridor locations, notable would be the upgrading of the already designated but uncompleted expressways located in two prominent navigable river valleys. Not only do these two needed expressways serve to connect major metropolitan centers in West Virginia, they also pass through two of the most industrially viable areas of our State.

The Division of Highways is presently studying the feasibility of a Statewide network of proposed highways totaling some 775 miles with an estimated total cost of some $5.7 billion. These additional major highway corridor needs might best be classified into broad categories:

Energy Extraction

As previously stated, improved highway transportation would expedite the movement of coal mined in West Virginia. Improved access should result in a more competitive price, which could bring about an improved economy at both the state and local levels by reducing unemployment in the mining industry.

Areas With Already Demonstrated Demand

As mentioned before, the Eastern Panhandle of West Virginia is already experiencing rapid development, brought about primarily by an expansion of the Washington, D. C. area. Improved access in an already rapidly developing area is dependent upon an adequate roadway system.

Industrial/Commercial

The advantages of adequate access to areas of potential industrial and/or commercial development are well known. Without adequate highways, future industrial/commercial expansion will be hampered.

Tourism

West Virginia is blessed with beautiful scenery and abundant recreational opportunities such as snow skiing, whitewater rafting, hunting and fishing, to name only a few. Improved access within our state boundaries and to the large population centers of the Eastern Seaboard are necessary to attract sufficient numbers to make our State's tourism industry viable and usable.

Thank you for the opportunity to present West Virginia's concerns with the Administration's proposed 1991 Surface Transportation Assistance Act and to outline some of West Virginia's highway transportation needs.

Mr. MINETA. Our next witness was to be Congressman Jim Cooper, of the 5th Congressional District of Tennessee. For other reasons, he will not be able to be here. His wife has just entered the hospital to give birth, so unfortunately, Jim can't be here today, but I would like to enter into the record at this point his parpared statement.

[Congressman Cooper's prepared statement follows:]

TESTIMONY OF CONGRESSMAN JIM COOPER

BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION

APRIL 18, 1991

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to testify on the important matter of highway safety.

Traffic accidents are the number one killer of Americans ages 1 to 44, and Congress needs to act now to reduce this threat.

I am here to ask you to consider, as you draft the Highway Reauthorization bill, including in it the provisions of my bill, The National Traffic Fatality and Injury Reduction Act of 1991 -- H.R. 1782, which would strongly encourage every state to adopt seat belt and helmet legislation.

According to the Department of Transportation, if all automobile passengers had buckled up and all motorcyclists wore their helmets, more than 12,000 lives would have been saved in 1987, and Americans would have saved $7 billion of the costs of injury.

The case for helmet and seat belt laws is compelling, but unfortunately too many politicians have let themselves be swayed by the few who complain that such laws are somehow "government intrusion" or that they are unnecessary.

These opponents of helmet and seat belt laws are trying to push three myths:

1. The Myth of Traffic Safety

We hear people all the time who incorrectly think flying on an airline is more dangerous than driving. They certainly don't complain when the airlines require them to buckle up.

But airline crashes killed only 389 people in 1989, while vehicular crashes killed 45,000. That's like having three jumbo jets crash every week with no survivors. Put another way, that works out to about 5,000 deaths during the 43 days of the Persian Gulf War, or one every 12 minutes.

And this does not even take into account the injuries. Motor vehicle accidents leave 1.8 million people disabled each year, 140,000 of them permanently. They produce more paraplegics and quadraplegics than all other causes combined.

There can be no doubt that motor vehicle accidents are taking a terrible toll, especially on America's youth.

2. The myth of ineffectiveness

The opponents of the laws will try to cast doubt on how effective helmets and seat belts are. They complain that they're ineffective and unnecessary.

But the facts tell another story. Look at what happened to a few states which repealed motorcycle helmet laws:

In Colorado, fatalities increased 63 percent.

In Rhode Island they increased 50 percent.

In Texas, they were up 70 percent.

And in Kansas, fatalities increased by 63 percent.

It's a grim fact, but in Tennessee in 1989, unbelted automobile crash victims were found dead-on-arrival nine times more often than belted victims.

Again the facts are clear: wearing helmets and seat belts saves lives.

3. The Myth of Government Intrusion

The opponents of these laws will tell you that this is government intrusion into the privacy of their own cars and motorcycles. But when they unnecessarily end up in the hospital because they failed to take simple precautions, they impose on us taxpayers to pay their medical bills.

Traffic accidents are not just deadly, they are also extremely costly. The annual cost of injuries to automobile and motorcycle riders is estimated at $37 billion.

The public pays these bills twice -- through our taxes and through our hospital bills and insurance premiums.

Government programs, especially Medicaid and Medicare, are estimated to directly pay for about one half of all medical costs of traffic injuries.

On top of that, many uninsured victims who are not eligible

for these programs, simply can not pay their bills. Hospitals are then forced to pass on their costs to the rest of us through higher charges. That means not only higher hospital costs but also higher insurance rates for us.

Why should we pay these costs when a simple precaution on the part of the injured could have saved us this money (and saved them from terrible injury)?

Laws Work

Many states have been wise enough to pass laws requiring motorcycle helmet or automobile seat belt use. In these states, 20,000 lives and billions of dollars have already been saved in the last five years. Seat belt and helmet laws cost almost nothing. And they cut our traffic fatality rate sharply without new bureaucracies or unforeseen consequences.

Before the first law passed in 1984, nationwide seat belt use rates were an abysmal 13 percent. With laws on the books in the majority of states, rates rose to a national average of 47 percent at the end of 1988. With further action, we can help the country meet President Bush's goal of 70 percent belt usage by 1992.

And in states with helmet laws, more than 98 percent of riders wear helmets, as opposed to less than 50 percent elsewhere.

Clearly, these laws are effective, but they are not widespread enough -- only 17 states have both laws.

That is why I have introduced the National Traffic Fatality and Injury Reduction Act of 1991.

My bill provides matching grants to states which adopt both laws, to help fund increased safety, education, and enforcement programs.

If a state does not pass both laws in three years, it will be required to expend a small percentage of its highway construction funds for driver safety purposes (1.5 percent in 1994 and 3 percent thereafter). No state would have funds withheld.

This approach reflects a good balance between federal and state interests, and would be cheap, simple, and effective.

The Federal Government has changed public attitudes for the better on many occasions, and we must take the lead again on this matter of public safety, before we end up burying another generation of our young.

Congressman Jim Cooper
National Traffic Fatality and Injury Reduction Act of 1991
H.R. 1782

Summary

1. Safety Incentive Grants:

States are eligible for grants from the Secretary for up to three years. The grants may be used for

* Public education on motorcycle and automobile safety
* Training law enforcement officers
* Monitoring rates of compliance with the laws
* Enforcing the laws

In order to qualify for a grant a state must:

a. In the first year, have laws requiring helmet and seatbelt use.

b. In the second year, have the laws, and achieve compliance of 75% in the use of helmets and 50% in the use of seatbelts.

c. In the third year, have the laws, and achieve compliance of 85% in the use of helmets and 70% in the use of seatbelts.

The total authorized for the grants is $95 million.

2. Further incentives:

If, at the start of any fiscal year, beginning with FY 1995, it was lawful during the previous year in a state to:

* Operate a motorcycle without a helmet, or
* Operate a car without the driver and front seat passengers wearing seat belts,

Then a state must expend a portion of certain of its federal highway construction funds to supplement its safety programs.

The percentage of construction funds that a state shall expend on safety programs is:

a. 1.5% in fiscal year 1995
b. 3.0% thereafter.

Mr. MINETA. At this time, I would like to ask to the witness table, the very able Kenneth M. Mead, the Director of Transportation Issues for the U.S. General Accounting Office. As I understand it, Mr. Mead will be accompanied by Ron Wood, Assistant Director for Highway and Vehicle Safety; Jacquelyn L. Williams-Bridgers, Assistant Director for Surface Transportation Infrastructure.

Mr. Mead, we always appreciate your diligent work at GAO on our behalf. Your full statement will be made a part of the record and you may proceed in your own fashion.

**TESTIMONY OF KENNETH M. MEAD, DIRECTOR OF TRANSPORTATION ISSUES, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY RON WOOD, ASSISTANT DIRECTOR FOR HIGHWAY AND VEHICLE SAFETY, AND JACQUELYN L. WILLIAMS-BRIDGERS, ASSISTANT DIRECTOR FOR SURFACE TRANSPORTATION INFRASTRUCTURE**

Mr. MEAD. Thank you, Mr. Chairman. This is Ms. Jacquelyn Williams-Bridgers on my left. She's our Assistant Director for Surface Transportation and Infrastructure. Ron Wood is on my right for Highway Safety.

I appreciate the opportunity to be here today. I will abbreviate the statement greatly. I'll confine my remarks to the highway portion of the program and highway safety. We've already testified on mass transit and if you wish me to amplify on that testimony, I'd be glad to do so.

The Administration proposes reauthorizing highway programs at $89 billion over the next 5 years—$86 billion of that is for highways; $2.3 billion for highway safety. Accounting for inflation, that means highways will grow about 3.8 percent and safety would grow about 14 percent.

Despite this, we estimate, Mr. Chairman, that about $5.1 billion in additional authorizations could be supported using current Administration revenue projections. A related point is that the Administration's proposed 5-year program is about $18 billion higher than the 1987 to 1991 authorization, but more than half of the increases are slated to occur in fiscal years 1995 and 1996.

In 1995, under the Budget Enforcement Act, highway program outlays will have to compete with outlays from all Federal discretionary programs, including defense. Of course we don't know what type of budget agreement will be in force in 1996. We are concerned that backloading the bulk of the proposed increases into the later years raises questions about whether the proposed increases will actually be realized.

The Administration also has proposed a significant reduction in the Federal matching share. This will require the States to pick up an additional 15 percent of the costs on around 700,000 miles of Federal aid roads. If Congress chooses to adopt those reductions, we believe they should be phased-in over time. It's a big hit to take all at once. Thirty-one States are already facing budget deficits; virtually all have raised gasoline taxes over the past decade to meet existing needs and could find it difficult to raise gasoline taxes to meet new requirements. In addition, States already totally finance 78 percent of the highway mileage in this country.

Several observations on the proposed program as it would be restructured. We do support the consolidation of most categorical programs into a two-tiered system. Our work has shown that this allows States to customize their funds to critical needs.

We also think there is promise in allowing transferability between highways and mass transit and vice versa. However, a number of obstacles will have to be overcome for transfeasibility to succed.

First, for example, the ability to implement a multi-model policy is not well-served by DOT's practice of preparing separate needs studies for highways, bridges, mass transit. Second, the preliminary results of an ongoing review we have underway to assess transferability suggests that the choice between the two modes may be very difficult. That's because highways generally focus on accommodating more and more cars where transit focuses more on moving people out cars.

An area of the legislation we believe needs to be strengthened is in the area of preserving the interstate. The Administration proposal recognizes the importance of the interstate preservation and proposes a 90 percent Federal share for interstate preservation activities as compared to a 75 percent share for lane-widening and interstate capacity enhancements. While this is an important step, it may not be enough.

DOT estimates that between 1987 and 2005, up to 50 percent of investment requirements could be for Interstate capacity enhancement. Under the Administration's proposal, the states will continue to have wide latitude in selecting and programming preservation and capacity enhancement projects. In light of competing capacity enhancement and preservation demands, there are no assurances that the approximately $130 billion investment in the Interstate system will be protected.

Another problem we see is while DOT, has responsibility for monitoring state maintenance, it has no standards for what constitutes adequate maintenance. Our work has shown that although 42 percent of the nation's interstates are considered to be in fair or poor condition, all those roads were certified to be adequately maintained.

Let me turn quickly to highway safety. The Administration proposes funding NHTSA's safety programs at $1.6 billion for fiscal years 1992 to 1996. This includes a new safety bonus grant program. We agree with that principle, but we're concerned about how the criteria will be applied to the States in an even-handed way. For example, using fatalities as a criteria for awarding grants may do a disservice to States with many rural roads. Most fatalities occur in rural areas.

On the motor carrier safety program, we are concerned that DOT has imposed additional responsibilities onto the States for fiscal year 1992, while imposing funding reductions in 1992 over fiscal year 1991.

That concludes my summary. We'll be glad to answer any questions, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Mead.

Mr. Mead, in your testimony, you indicate support for a multimodal strategy to address surface transportation infrastructure and

congestion needs. Do you have any recommendations for establishing that uniform procedure or criteria in order to create an environment that would support a multimodal strategy?

Mr. MEAD. First, we believe that the Department of Transportation needs to make an effort to intergrate the separate needs studies it prepares for each mode of transportation.

Secondly, the States will need guidance to facilitate making choices between mass transit and highways. Some methodologies already exist, and this transferability has a good chance of success if States are provided guidance drawing on those methodologies for making the choices between transit and highways.

Just to restate what I point out in the testimony, highways does push for the accommodation of more and more cars and transit pushes moving people out of cars.

Mr. MINETA. Under the Administration's proposed level of service, the LOS methodology that they talk about in order to identify deficient bridges eligible for Federal funding, a number of off-system bridges may become ineligible for Federal aid to highway funds. How would the level of service criteria affect the ability of state and local governments to fund their off-system bridge needs?

Ms. WILLIAMS-BRIDGERS. Mr. Chairman, the level of service methodology proposed by the Administration, as you suggest, would effectively eliminate from eligibility about 70,000 off-system bridges. Our approach to applying the level of service methodology would not restrict the States so they would not be able to attend to their local system bridges; rather Federal dollars should first be targeted to those bridges which are serving the national interest—the interstate and the primary system bridges—and also are the most costly to repair.

Mr. MINETA. Thank you.

Mr. Taylor.

Mr TAYLOR. The bridge program has been criticized a good deal for rewarding States which do an inadequate job of maintaining their bridges because funding is allocated on a needs basis. What would be your view of a bridge program that was decoupled from the needs and allocated funds to States based on bridge volume or the BMT?

Ms. WILLIAMS-BRIDGERS. We suggest that any methodology used to assess the deficiency of bridges look first at the load capacity on those bridges. Load capacity by highway system is clearly a better indicator of bridges safety than what is currently used in the sufficiency rating process.

However, you are correct, Mr. Taylor, in that any methodology that uses load capacity does, in effect, provide funding for lack of attention to bridges. The bridge program has been consistently funded fairly low and we don't see much of an increase in bridge funding proposed over time. Possibly what we might want to do is reexamine the total level of funding for the bridge program and allow states some discretion in using Federal aid funding as has been done in the past with interstate bridges.

Mr. MEAD. I might add on the general question of maintenance of bridges, I think there is a parallel problem with bridges that we have pointed out in our testimony on maintenance of the interstate. As we point out in our testimony, one can argue fairly per-

suasively that the current program provides some disincentives to doing regular maintenance because it's not funded at the Federal level. You can make the same analogy to the bridges.

Mr. MINETA. Mr. Roe.

The CHAIRMAN. Yes, Mr. Chairman, thank you.

One thing that's bothering me, and I think you alluded to it a bit. Have we done any look-see into the quantitative costs that would be involved, for example, in implementing the Clean Air Act as it relates to the cost against transportation?

Mr. MEAD. No, we're not aware of any. We know when we were over on the Senate side, the same issue came up.

Ms. WILLIAMS-BRIDGERS. We are, Mr. Roe, in the course of our work looking at the obstacles to transferring highway dollars to transit and transit dollars to highway, and at what incentives currently exist within the Administration's reauthorization proposal and what incentives might be introduced to allow States or to encourage States to address clean air through increased use of transit.

The CHAIRMAN. Well, we passed the Clean Air Act last year and we passed the Americans with Disabilities Act. The point I'm attempting to get to, if we can think about this along the line, is as we continue to pass different additional legislation—I'm not faulting the legislation, I voted for it—that's added costs that are involved to implement the transportation system.

Therefore, when people just take the view that this year the President provided so much, our committee is fighting for more, and the whole bit, that is not the whole story. Effectively, the quantitative dollars that are going out there also have to meet these other needs because we passed that in the law.

I'm simply thinking that it would be very profitable to attempt to quantify that as far as dollars are concerned. So that, in effect, there is lesser funding. I'm not talking about the decision between mass transit and the compliance issue, but there literally is less funding going to be available as we bring into account these two particular needs. Do you follow?

Mr. MEAD. That's a very interesting point. The Administration seems to have had a little difficulty in quantifying how much the Federal Government should contribute to the Clean Air Act and the Disabilities. The mass transit account, I think is $50 million. We don't have the other side of the equation, yet overall, mass transit funding will be declining when you consider inflation factors by about 16 percent.

The CHAIRMAN. Under their proposal?

Mr. MEAD. Yes. So we have half the equation of what the Administration is prepared to pay, but we don't really know the total impact on localities.

The CHAIRMAN. You made a very telling point—if the Chairman will indulge me further—in the attempt to recognize, and we've got to kind of bond that idea and make it stick is what we're talking about when we talk about intermodality. You made that point and you said that under the present system, other administrative changes would have to be made because that is how the present system works—and I'm not faulting it. You have a separate analy-

sis here, and a separate analysis there, and a separate analysis there, and they don't relate, they don't come together.

So when we talk about intermodality, that is an enormous change, in my judgment, in the way the whole transportation system has worked before. Fair play?

Mr. MEAD. Yes, sir.

Ms. WILLIAMS-BRIDGERS. Yes, sir.

The CHAIRMAN. The second point I'm trying to come back with is that as we set new criteria and then decisions are to be made—and we talked about the idea of the flexibility or transferability—we want to be able to give more and more authority back to the States. They are the ones who know best what they want to do with their transportation system and their decision should not be driven by the level of funding that we are providing, nor should it be driven by the level of what the matching formulas will be, because that's going to skew the whole program.

But I think it's terribly important to again reiterate where the Clean Air Act is involved. That is a powerful force as to what States will be able to do. One, to be in compliance with the Clean Air Act; and two is how they would be allocating their funding. So the Clean Air Act is not just another bill passed over here; it is an integral part of the modifications that are going to have to be made to achieve the goals we've set for ourselves. Is that a fair commentary to make?

Mr. MEAD. Yes, sir.

The CHAIRMAN. Thank you, Mr. Chairman.

Mr. MEAD. Just to reinforce the point we're making and to further respond to Chairman Mineta's question about the transferability, a further obstacle may well be the structures of the State and local governments. Currently, most Federal highway dollars go to the State level, while most transit dollars go to the local level. Those two bureaucracies are going to have to get together and perhaps this legislation will provide the impetus for that.

The CHAIRMAN. If the gentleman would yield further, it's not whether the bureaucracy—I don't mean this unkindly—gets together or not, it's what this committee and the Congress is going to tell them we're going to do. I think the point has to be made abundantly clear, at least as far as this person is concerned on this committee, we are not writing a new highway bill. That is not what we are doing. That's got to be made very clear.

We are writing an intermodal transportation legislation for the country and therefore, as we write that legislation—as the Chairman is working on now and his counterparts—we've got to write into that what direction we choose the transportation system and the administration of transportation in the nation to go.

I don't see this as being a patching here and a fixing there and changing a piece of paper there. We've got to establish what we mean by intermodality. You made that point yourself and you're quite right. Out of that will stem—from your testimony and the background information given us—what other things we have to be doing and I would think a lot of that is going to have to be done in legislative writing.

I don't think you can leave that to chance or we'll go ahead and we'll have hearings and we'll talk about regulations because then

you're going to defeat the fundamental purpose of what you mean and how Congress wishes to direct the system where the intermodality issue is involved.

Thank you, Mr. Chairman.

Mr. MINETA. The gentleman from New Hampshire, Mr. Zeliff.

Mr. ZELIFF. I'd just like to ask one quick question. You pointed out the economic effects of reduced funding and the change in the formulas. What kind of data do you have to back that up and maybe you can just expand on that?

I know from New Hampshire's point of view, it's going to be tough. In speaking to our Department of Transportation, there's $26 million in hard match funds versus maybe $6 or $7 million and it's going to be very tough to be able to work within that, but do you have some hard data and facts that you can share with us?

Mr. MEAD. Yes. We could share some data with you in your particular State if you wish, but, in general, what we considered was the general state of the States, if you will, in terms of whether they have a budget deficit or are about to face a budget deficit; conditions of cities, such as the City of Philadelphia—not a paragon of financial health today—the condition of roads and accrued backlog of maintenance needs. The States need to attend to that.

Also, though we have not quantified this, there are any number of other Federal programs that are extemporaneously being transferred to the States, for example, in the health area. As Chairman Roe was pointing out, there are enormous responsibilities being placed on your urban areas in the Clean Air Act and the Disabled Americans Act. The tab will have to be picked up by the localities.

We'd be glad to share any individual data from your State with your office later, if you wish.

Mr. ZELIFF. Okay.

Ms. WILLIAMS-BRIDGERS. We have also examined the anticipated gasoline tax increase that States would have to enact in order to absorb the additional financial responsibility. Looking at data that the Department of Transportation has collected, DOT has indicated that, on average, States would have to raise their gasoline taxes by one penny in order to absorb the additional financial responsibility created by the proposed reduction in the Federal share for 1992.

However, if you look at the proposed authorization levels beyond 1992 through 1996, you will see that some States will have to raise their gasoline taxes considerably up to 7 or 8 cents.

Second, we note that the average calculation of a State's anticipated gasoline tax increase is not really a fair way to evaluate the increased burden on the States. As you are well aware, many States will have to raise their gasoline taxes considerably more in order to absorb the additional responsibility created by any proposed reduction in the Federal share.

Mr. ZELIFF. That's a good point. What about the 2½ cent gas tax that goes into the general revenue, what does that equate to in total dollars?

Mr. MEAD. I would figure for every one cent increase in tax, you're talking in the neighborhood $1.1 to $1.3 billion per year.

The CHAIRMAN. Will the gentleman yield?

Mr. ZELIFF. Yes.

The CHAIRMAN. I think we have to clarify, Ms. Bridgers. We're saying if that is the determination of the State as far as how they intend to raise any other matching funds, it doesn't have to be——

Ms. WILLIAMS-BRIDGERS. That's correct. DOT's data are predicated on raising their gasoline taxes but many States do have alternative revenue sources that they can and do use to dedicate to their highway programs.

The CHAIRMAN. A lot is going to depend upon what this committee and the Congress determines in making more funding available up front which has been the recommendation of this committee. We recommended, I believe it was, a 50 percent increase if we added the nickel on and the nickel had to be used, it couldn't be impounded or all that sort of thing.

That's a terribly important point you're making because the interrelationship in the transportation direction that the States choose to go, and how they raise that funding, we're either going to be transferring the debt back to States—which is an inequity depending upon their usage—and/or moving in the direction where Congress would provide additional funding. It is our judgment that providing the additional funding is going to add materially to how we structure the flexibility issue. Do I make any sense on that?

Ms. WILLIAMS-BRIDGERS. Yes, sir.

The CHAIRMAN. I thank the gentleman for yielding.

Mr. MEAD. Would you like us to get in touch with your office later, Mr. Zeliff.

Mr. ZELIFF. If I could just get your information on the gas tax increases and some of those tables, that would be helpful.

Mr. MEAD. Just to come back to this point though, it is not fair to say that well, it would only take an extra cent on the part of the States and raising the gas tax will cover this match. It's just not reasonable to advance that; it would vary all over the map.

The CHAIRMAN. Would the gentleman yield further?

Mr. ZELIFF. Yes.

The CHAIRMAN. That's another very telling point because—if it happens, depending on what the committee decides, or at least as the Administration has said—as they lower the formula ratios requiring more funding from the States, if that were to prevail and even if Congress moved ahead to provide 40 percent additional money, assuming we could be successful, if those formulas were to remain in focus, as it is written in the Administration's bill, it would further exacerbate the cost to the States.

Ms. WILLIAMS-BRIDGERS. Initially, that's correct.

Thank you.

Mr. MINETA. Mr. Anderson.

Mr. ANDERSON. Thank you, Mr. Chairman.

I don't have a question, but I have a statement that I'd like to make and perhaps Mr. Mead may want to comment after I get through. I'm sorry I couldn't be here earlier, I was at the I&O hearings, but I do want to join you in welcoming our many guests for today's hearings.

Before we get too far along, I wanted to discuss a moment a component of the Administration's surface transportation bill which, frankly, is one of, if not the most, short-sighted and unfair policies I've ever seen submitted to this committee for our approval.

I'm specifically talking about the Administration's blatant bias against urban areas. For example, if we were to pass the Administration's bill as it's been sent to us without any changes, the State of Alaska would receive $440.94 per capita, while my traffic-clogged State of California would receive only $24 per capita. This is outrageous. Another example, the State of North Dakota would receive $149.60 per capita, while the State of New York would receive only $17 per capita.

Mr. Chairman, as you know, I'm one of the roadbuilders' greatest fans, however, in these changing times when we're trying to get more bang for our buck and are under the gun to take people out of their cars, we must draft a more equitable bill so that the areas with the most need receive the greatest share of the funds.

I might add, Mr. Chairman, that the per capita numbers for each State that I just mentioned, are based on the 1990 Census which several experts have recognized was a sham, thus the numbers could be even worse than they already are.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much.

Mr. Boehlert.

Mr. BOEHLERT. Thank you, Mr. Chairman.

I would like to say to Mr. Anderson that much of what he says I can identify with because New York does not get treated the way it should and I'm particularly concerned about the inadequacy of the funding for mass transit.

I'd like to revisit the bridge issue, if I may, Mr. Mead. I'm comforted by the fact that over a 5-year period there will be an approximate 15 percent increase in the funds allocated for bridge work. I'm particularly sensitive to this issue because the bridge over the Schoharie Creek happens to be in my district. One day people were driving along the New York State Thruway going from point A to point B only to discover the bridge was no longer there, and tragically we lost a number of lives.

The thing that concerns me most is the arbitrary manner in which the funds are allocated. Am I correct in understanding that there is now a 10 percent cap on the bridge allocation? No one State can receive more than 10 percent of the total funds?

Ms. WILLIAMS-BRIDGERS. I'd have to check that, Mr. Boehlert. I'm not sure.

Mr. BOEHLERT. I think the answer to the question is yes. I try to ask questions that I know the answer to, I just want to get it confirmed.

Ms. WILLIAMS-BRIDGERS. I'll defer to your judgment, sir.

Mr. BOEHLERT. This disturbs me because if we have a formula based on need, it's estimated by experts who are not necessarily New Yorkers like myself, but just concerned about bridge safety across America, that if we had a change in formula and we allocated based upon need, New York might be getting about 19 percent of the total.

I'm not looking to have a disproportionate share of all Federal aid flow to New York, although I wouldn't be adverse to that, but the fact of the matter is when we have a serious problem, as we do, with the bridges of America and when there is clearly identified one State that has an exceptional need and then we have a con-

tinuation of a formula that limits the amount of money that can go to that State, I just think it's wrong.

I would hope that you'd be able to address that now or in maybe some future correspondence you would submit to the committee.

Mr. MEAD. We would do that and I might add that there is some comfort to be taken in the shift from what is now known as the sufficiency rating manner of deciding which bridges are deficient to what's called a level of service methodology.

The level of service methodology—this is proposed in the Administration's package—would distinguish between the deficient bridges much better than we do now in this country. For example, the level of service methodology would take into account extent of usage of bridges, whereas, the current system the methodology uses weights all bridges in the country equally for that purpose.

It also may consider a bridge that's off-system to be deficient because it's not up to interstate design standards, when there is possibly no need for that bridge to be up to interstate design standards. So there is some hope there.

What I heard you saying is that there should be better linkage between the deficiency rate and bridges that appear in rank order on the deficiency rating and the allocation of funds under the bridge formula.

Mr. BOEHLERT. And you endorse that? I've now had an endorsement from you?

The CHAIRMAN. Will the gentleman yield?

Mr. BOEHLERT. I'd be glad to yield, Mr. Chairman.

The CHAIRMAN. In your thought process as we're talking about the interpretation, at least as we look at it, of flexibility and if a State such as New York or kindred State of New Jersey had particular problems in bridges, it would seem to be logical if you had a cap on that, the 10 percent you speak to, one could arithmetically work out how long it would take you to fix those bridges with that level of funding being allocated.

Mr. MEAD. That's right.

The CHAIRMAN. Pardon the reference, if all your bridges were falling down, if you do not get more flexibility in the bridge program which is not necessarily the cap issue you speak to, but it seems to me you'd be able to spend some of your funding where you have emergency needs above and beyond what we're talking about through the method of the flexibility.

Again, that further to me indicates that as we write what our determination would be in flexibility, why should it just be limited to the point of highways and mass transit? If in our State we have a particular problem which is the public safety is involved with the bridges, that decision should not be driven by artificial caps and lack of flexibility to use the New York funds where the New York funds are needed most. Is that reasonable?

Mr. BOEHLERT. Mr. Chairman, you are always reasonable.

The CHAIRMAN. I thank the distinguished gentleman from New York.

Mr. BOEHLERT. If I may go back to Mr. Mead, I do find the same level of comfort you find in the Administration's change that is going to level of service from deficiency methodology. But it's over a level of comfort, I still have some problems.

Right after the tragic collapse of the bridge over the Schoharie Creek, Senator Moynihan and I went to the immediate area to have a hearing. The State Thruway Authority, I think, thought they were providing us with a level of comfort by telling us not to worry because they had inspected all of the 167 or 168 bridges along the New York State Thruway following the collapse of the bridge over the Schoharie Creek, and they found them not deficient, so that was supposed to comfort us.

But my comfort zone was strained when I asked the question if they had used the same criteria to inspect those bridges as they had used to inspect the bridge over the Schoharie Creek which was found to be not deficient and ultimately collapsed, and their answer was yes.

Mr. MEAD. Well, your point is well taken and we'll make certain that we get over to your office some work that we reported on over the last couple of years on the conduct of the bridge inspection program.

Mr. BOEHLERT. Thank you so much, Mr. Mead. I really appreciate what you're doing and the outstanding work that you and your colleagues are making available to us.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you, Mr. Boehlert.

Mr. Lipinski.

Mr. LIPINSKI. Thank you, Mr. Chairman.

I don't really have any questions. I have had the opportunity to hear Mr. Mead and his staff testify at other hearings and I simply want to say that I always enjoy your testimony very much. I think it's very objective and enormously helpful to us serving in Congress. So I want to thank you very much.

Mr. MEAD. I'd like to if I may come back to something that Chairman Roe said.

For the first time in many years, there is more and more talk in the House Public Works and Transportation Committee about the urgency of looking at transportation as a system rather than as, let's favor highways, let's favor rail, let's favor this mode over the other. So much of the discussion, I think has advanced to the point that I think this is the right way to go in addressing our infrastructure needs, and it's very refreshing.

Mr. MINETA. The very distinguished gentleman from Pennsylvania, Mr. Clinger.

Mr. CLINGER. Thank you very much, Mr. Chairman.

Mr. Mead, as always, we are very grateful for your testimony. I think you're endorsing and stressing the idea that we really need to be looking at this thing as a system is the most important element of what we're going to be dealing with here.

I think too often in the past we have tended to look at various modes as discrete, separate pigeon-holed areas without any concept of how they relate one to the other. I think we're now at a level of maturity as a nation that we can no longer afford to do that. We really have to look at this thing in a holistic sense.

I think that's what we're all about and frankly, I think that's what the Administration's policy really stressed was the need to have a systemic approach rather than a sort of separate entity

kind of thing. So I hear you and I think we all agree that's the direction that we're going. Thank you again.

Mr. MINETA. Mr. Geren.

Mr. GEREN. I have no questions.

Mr. MINETA. Congresswoman Norton.

Ms. NORTON. I have no questions.

Mr. MINETA. Mr. Laughlin.

Mr. LAUGHLIN. No questions.

Mr. MINETA. Again, Mr. Mead, thank you very, very much and your team for again your fine report to us and again as has been reiterated by other members of the subcommittee, we do appreciate very much the work that all of you do on our behalf. Thank you very, very much.

Mr. MEAD. Thank you.

[Mr. Mead's prepared statement appears on page 1904.]

Mr. MINETA. Let me also indicate to the witnesses that we go through all your statements and they are made a part of the record. So we'd like to have you keep your comments as short as possible when you're making your presentations.

At this time, I'd like to call forth the Secretary of Transportation of the State of South Dakota, Richard L. Howard. Secretary Howard? Mr. Howard, your statement will be made a part of the record and if you would go ahead and summarize in your own fashion and, in fact, introduce your colleagues as well, please?

**TESTIMONY OF RICHARD L. HOWARD, SECRETARY OF TRANSPORTATION, STATE OF SOUTH DAKOTA, ACCOMPANIED BY DEAN SCOFIELD, DEPUTY SECRETARY, AND JOHN A. DE VIERNO, COUNSEL**

Mr. HOWARD. Thank you, Mr. Chairman, and members of the subcommittee.

I am Dick Howard, Secretary of the Department of Transportation in South Dakota. I'm accompanied today by my Deputy Secretary, Dean Scofield, and legal counsel, John DeVierno.

I appreciate the opportunity to testify today and I would like to note that my prepared statement has been endorsed and concurred in by nine other States. I will summarize my statement this morning.

I understand that the hearing today is intended to focus on the Administration's bill. We have studied it carefully and have concluded that there is a better proposal—in particular, the proposed Transportation Improvement Act of 1991, S. 823, which was introduced two days ago by Senators Baucus and Reid, Senators Pressler and Daschle from my home State of South Dakota, and seven others.

That proposal continues the basic program structure of today but would invigorate it with more funding and far greater transferability between highway categories, and also, Mr. Chairman, more transferability to transit than any other proposal which I'm aware of.

I believe that this transferability would address some of the concerns that Mr. Roe has mentioned in regard to intermodality and

also some of the bridge problems that were discussed earlier today by the Congressman from New York.

Basically, the proposal—which is included in the bill introduced by Senators Baucus and Reid—would continue program categories for Interstate 4-R; for primary, secondary, and urban highways; for bridges; and for hazard elimination and railroad highway crossings. The bill makes these familiar categories work better, however, by providing significantly increased funding and greatly expanded transferability between the distinct categories and to transit.

The bill's apportionment formulas, which are basically the same as the current formulas that have been developed by Congress over time, we believe fairly and adequately distribute the funds back to the States.

The Administration's bill does include a number of good features from the perspective of a rural, smaller population State. In particular, we commend the Administration for including the low population density formula, the land area and public road mile factors in its apportionment scheme for the National Highway System, and for including a one-half of 1 percent minimum apportionment for the urban/rural program.

We feel that these are among the appropriate ways of recognizing in a total transportation program that low population density States cannot be asked to finance construction and upkeep of long stretches of highway which truly serve national needs. We believe this properly reflects that a donor/donee relationship must continue if we are to have a National Highway System which truly serves the national interest.

We are very concerned, however, about some parts of the Administration's bill, specifically the inadequate funding levels, the small size of the proposed National Highway System, the lack of flexibility for States to transfer funds from the National Highway System to other projects, and the increased State matching share.

Just briefly elaborating on the points, first, in regard to the funding level, more money is desperately needed for transportation in all areas of the country. In my home State of South Dakota, we have a backlog of $500 million of needs in highway projects and new needs are accruing each year at a rate of about $140 million per year.

Mr. Chairman, I will not belabor this point today unless you want me to. I understand that this committee is on record as wanting to significantly increase the size of the program. We agree and we urge you to keep working on that.

Another major point I think that we can discuss quickly concerns the proposal to increase the State and local match. I have heard you, Mr. Chairman, out in Phoenix, Arizona, refer to this proposal as giving the States "the shift and the shaft." I rest on that point and trust I don't need to say anything more about matching shares at this time.

Now, turning to the program structure, today's Federal aid highway system consists of only 20 percent of the nation's public road mileage and carries over 80 percent of the total travel. That heavy usage, combined with functional classification of these highways, we feel makes it clear that the entire Federal aid system is nationally significant.

This is an important group of roads and nothing has happened in recent years that tells me that the Federal interest in public roads has become narrower instead of broader. So we need a program structure, we believe, that will make the entire system work well.

The Administration has come up with a proposal which consists of a bridge program and two highway categories. We have thought long and hard as to whether this approach will really allow the nation to do the best job on its highways and have concluded that it will not. Let me explain briefly.

First, this committee has previously received testimony, and we heard some more just a few minutes ago, explaining that our nearly completed interstate highways are deteriorating seriously. Every State in the nation has needs to upgrade and rehabilitate our interstates, which are approaching 30 to 40 years in life.

We also know that additional lanes are needed on many metropolitan interstates but the proposed National Highway System has no clear response to these needs.

Also, today's Federal aid primary system is a group of tremendously important roads. They connect our towns and cities to the interstate system; they provide an economic link for rural and urban areas; yet the proposed National Highway System would include only 40 percent or about 100,000 miles of the existing primary system.

Most of our urban arterials, which are certainly important, are on the primary system and would not be covered under the National Highway System as proposed.

So, Mr. Chairman, we see the Administration's proposed 150,000 mile National Highway System not as a positive new category, but as a device to chop down 60 percent of a very vital existing category. The primary system needs more money and it would not receive it under the two-tier structure as proposed.

Simply, Mr. Chairman, the proposed National Highway System really is a "primary system reduction plan" and that's not what the nation needs at this time.

The proposed urban/rural program would require States to divide funds "equitably" between urban and rural areas. I doubt that there's anyone in this room who knows what that really means or would interpret it the same. We would avoid that problem under our proposal by continuing the urban and secondary systems and allowing transferability. That approach would assure that funding would reach both rural and urban needs.

Municipal and county officials in my State, Mr. Chairman, are deeply concerned that the Administration's proposal does not contain something specific for them in terms of urban and secondary systems.

As to safety construction, my prepared testimony explains that the proposed abolition of safety construction programs in the Administration's bill, combined with vaguely-worded regulatory provisions, could mean too little safety construction, too much regulation of State project selection, or both. We support continuation of the safety construction programs.

Mr. Chairman, these are just some of the deficiencies we see in the two-tier program structure. We think that the more traditional

program structure combined with more flexibility responds more directly to the needs of the transportation system.

Let me emphasize we're talking about flexibility to transfer funds without Federal Highway Administration approval. The Administration's bill, H.R. 1351, is lacking on that score.

In conclusion, Mr. Chairman, we support a larger, more balanced program. However, if the Congress should use H.R. 1351's two-tier structure as a starting point, we strongly support the administration's formulas to distribute the funds back to the individual States and we think that the identified deficiencies could be partially corrected if you would do the following.

One, greatly increase the size of the proposed National Highway System. Two, provide greater transferability from the National Highway System to the urban/rural system and other categories. Make sure that the transferability between categories does not require Federal Highway Administration approval and assure some balance between urban and rural funding and not reduce the Federal share.

Today, by supporting the Transportation Improvement Act, S. 823, we believe we have offered a very serious alternative to H.R. 1351, one which will preserve yet mobilize and customize the entire Federal aid system. The funding comparison attached to my prepared testimony demonstrates that this is a proposal that offers a lot to all regions of the country.

That concludes my testimony, Mr. Chairman. I thank you for the opportunity to testify today and would be happy to answer any questions.

Mr. MINETA. Thank you very much, Mr. Secretary.

Under the proposal for maintaining continuity and balance for the Federal aid highway program, is the State of South Dakota, and the other States who are joining you in this testimony, basically supporting no changes to the existing Federal aid highway program other than providing higher funding levels and increased flexibility for the use of Federal funds?

Mr. HOWARD. Mr. Chairman, we also propose eliminating some minor categories. I believe there are now some 30 individual categories of funding and we propose reducing that down seven major categories. There are some minor modifications, certainly, which could be made in the formulas for apportionment in terms of using, rather than postal miles, maybe public road miles, or some more contemporaneous measure of need.

The basic principle is based on preservation of the existing Federal system through putting major emphasis on rehabilitation, repair and upgrading of the interstate system, which is certainly of the highest Federal interest, and the primary highways, the bridges, and maintaining a funding capability and assurance for the local governments.

Mr. DEVIERNO. Can I elaborate, Mr. Chairman?

In preparing testimony for ten States, we focused on a core group of issues. If what you're asking is, do we think those are the only issues that should be addressed in new legislation, the answer is no. There are a host of other very important issues that this committee has heard about ranging from toll roads, the tremendous

need to increase research on things such as intelligent vehicle highway systems, and other issues.

Through omission, we don't mean to say that those are not important. This testimony focused on a certain core of issues and other issues, we think, can fit together with our positions on that core of issues as well as they could fit together with somebody else's core positions. We're just explaining what we prefer on limited issues.

Mr. MINETA. You're recommending funding for a separate interstate for our program. In order to preserve the Federal investment in the interstate system, should the States be required to expend certain amounts for maintaining the interstate system?

Mr. HOWARD. Certainly, and part of our proposal deals with providing incentives in terms of increased funding for the States based on their level of effort. So I think the program would be set up so that those States who do a better level of maintenance could also enjoy a higher level of funding on that basis, so the burden of maintaining these facilities wouldn't be all placed on Federal aid.

Mr. MINETA. Mr. Zeliff.

Mr. ZELIFF. You oppose, Mr. Secretary, the Administration's proposed National Highway System because it contains too few miles. If the NHS would be expanded to include all primary roads as you suggest, it would double the proposed mileage to some 300,000 miles. Many primary system roads are minor arterial roads serving mostly local traffic.

What would be the justification for placing these roads on a NHS system which is supposed to represent those roads that are nationally significant and carry primarily interstate and interregional traffic?

Mr. HOWARD. I believe in response to that, the current primary system has been developed over the years through the cooperative efforts of the Federal Government, the State Government and local governments and they are identified as those highest priority roads necessary for interstate commerce, moving people from across the individual States.

I recognize that some of those are classified as minor arterials, but certainly all the primaries do serve as arteries to the interstate and are important in our overall economic development and movement of people, goods and products across this country.

Mr. ZELIFF. You can justify all 300,000?

Mr. HOWARD. It would trouble me if the NHS were to be less than 300,000 but I think there are some potential tradeoffs and involved in those tradeoffs certainly are factors such as, first of all, there would need to be a good and equitable funding formula to allocate funds to States, similar to what's proposed by the Administration. There also would need to be greatly increased flexibility in terms of being able to transfer funds from the National Highway System to the urban/rural program.

Each State, I think, should be assured that a minimum percentage of their current interstate and primary systems would be placed on the National Highway System. I note that, in the system proposed by the Federal Highway Administration, currently the percentage of current interstate and primary miles that have been placed on the National Highway System varies from 28 percent as

the low up to as high as 84 percent of interstate and primary highways in other States.

I think that each State should be assured that some fairly high level of their total interstate and primary miles, some level in the neighborhood of 60 percent, would be placed on the system.

Number four, certainly there should not be an increased match requirement for the National Highway System.

Mr. ZELIFF. Thank you, Mr. Chairman.

Mr. MINETA. Mr. Geren.

Mr. GEREN. No questions, Mr. Chairman.

The CHAIRMAN. First of all, I applaud your testimony and you make reference of speaking, of course, for—not directly but indirectly—half a dozen other States you've been working with, which is good. But, you know, I'm puzzled at your approach in the respect, but I understand where you're coming from, I think.

If we increase the miles in the highways of national significance, if we were to increase that recommendation from 150,000 to 300,000 miles, obviously we are doubling what the Administration is recommending.

That also would mean that is a priority issue. It's very important to understand this. If that is a priority issue as far as the National Transportation System is concerned, because there are highways of national significance, therefore, they get, in effect, the imprimatur of the Federal Government saying these are the key roads we need for defense and so forth and so on.

A much larger proportionate share of the extremely limited funds is going to be allocated to that purpose, something like in the order of magnitude of 65 percent of the funding that they are talking about. Are you with me?

Mr. HOWARD. Yes.

The CHAIRMAN. Which is going to materially shrink the other fundings that we need in the other categories that you speak to, okay? For example, in my State of New Jersey—would you believe this—they declared the New Jersey Turnpike, a major route north/south of the State of New Jersey, and the Garden State Parkway—both toll roads—are considered to be highways of national significance. Well, that's okay if we can get the same kind of funding that they are going to be giving to South Dakota or the other States. That's only fair. That's only equitable.

We're paying for those highways and our people are being taxed on a daily basis to do that—and I don't mean this to be quarrelsome in any respect. I think that's also true in Pennsylvania where States have used imagination and their own methodologies and they developed their own highway system and the people are paying for it.

Where I'm trying to come from, you made the point of equitability and what disappoints me a little bit is that you seem to center on the old highway system. We're not looking for that. Should you not have the right, if you need an access to a regional airport in your State, to be able to include that as part of your program? If you have a port in your area, and I'm thinking a major port which is a major problem in California right now—that's the Alameda corridor issue, three railroads and 123 grade crossings.

Now it's almost impossible to get that freight out of there on a timely basis and the intermodality issue we are speaking to.

You speak of transferability in your area, which I happen to subscribe to, by the way. By the same token, there are different problems in other regions of the country that we have to look to particularly when you speak of the intermodality issue.

One of our members testified out in St. Louis and made a very telling point, in fact, two of them did. If we were fortunate to be born or have our State along the coast where we have harbors; if we were fortunate to be along the Mississippi or the water resources where we have a natural geographical issue—you know, the water resources—or if we had our railroads that were built in the 1800s in our particular area, we are connected to an intermodal system at least in part and somebody a long time ago and God provided those resources for us.

The converse to that point—and this was the key point—is the other States who do not have ports, who do not have inland waterways, who do not have the highways, industry passes them by because we don't take into consideration the economic necessity of building transportation systems in the areas that don't have those natural assets. Do you understand what I'm trying to say?

Mr. HOWARD. Yes, sir.

The CHAIRMAN. So, it seems to me that I would hope we would raise our horizons in your respective States—and I'm not faulting a number of things that you said—but look to the intermodality, how do you build South Dakota, how do you provide the economic base and the jobs that are going to be needed in South Dakota if you don't have the intermodality and the flexibility we're speaking to? Do I make any sense to you?

Mr. HOWARD. Yes. In response to that, Mr. Roe, what is proposed in terms of the transferability is that 30 percent of the funds in any of the highway categories could be transferred to any other category. Thirty percent of the urban system funds could be transferred directly to transit and then an additional 20 percent of any category could go to transit or other uses.

The CHAIRMAN. You made the point earlier, that there shouldn't be any direction really from Washington on transferability. It seems to me if I were a commissioner in my State, why shouldn't I have the right to use my State's money the way I choose to use if I need it in that direction?

That's an interesting point. If the States have to pay more funding under the Administration's proposal, which I do not agree with, then we're putting more money in and yet Washington is telling us what we should or shouldn't do as far as our need of transportation is concerned because it's not a decision the people are making, it's being driven by an artificial formula. Do I make any sense on that? That's my concern.

One other point, Mr. Chairman, if I may. I happen to think you're hitting another important point, however. When you come back and say, let's take a serious look at these formulas, let's not be too quick to throw them out—the old formulas; I'm thinking about the split between urban and rural that you spoke to. Just because somebody wants to tidy up the chairs on the Titanic, it took years and years and years and years and years to develop the rea-

sonability where rural and urban was involved. I don't think we should just throw it out the window because somebody wants to tidy up the paperwork, at least from my point of view.

Thank you, Mr. Chairman, for indulging me.

Mr. MINETA. Thank you, Mr. Chairman.

Mr. Geren.

Mr. GEREN. I have no questions.

The CHAIRMAN. Mr. Secretary, go ahead.

Mr. HOWARD. Could we elaborate on one point?

Mr. MINETA. Absolutely.

Mr. DEVIERNO. Mr. Roe, in response to some of your points, I would like to make both a general and a technical comment. As I understood what you said, you were distinguishing in transferring money to different highway categories and you were wondering to what extent the proposal that the Secretary is advancing here this morning allows him to reach to certain intermodal connections.

I think there are two answers, one which probably would be contained within the four corners of the proposal and another which I think thematically we would support that would be an easy change. It depends on whether the highways or systems within, say a port area or a river area, already happen to overlap with the Federal and highway system. I suspect that the key roads in those areas are on designated systems in most cases and need to be upgraded and could under the proposal.

But in the case where they are not on the system, I think that—just speaking for myself—the kind of flexibility that the people we have worked with have supported indicates that they would be willing to work in additional transferability to off-system roads provided they are just not minor. So I think in that sense, within this context rather than the Administration's context, we can get at that problem.

I appreciate what I think you're saying about flexibility and I just want to say I don't think there's any thematic resistance to that here.

The CHAIRMAN. Maybe I'm not being clear then. Don't misunderstand me, I think the Secretary and his colleagues have done a splendid job because you have raised the level of the issues. I think that's why we're here; that's what testimony is about and I think you've done a wonderful job.

Let me point something out to you. That's not what I'm saying. I'm saying two things. Who decides the quantitative number of miles and determines what would be the highways of national significance? The good Secretary in his testimony said that in his judgment, which I respect, it shouldn't really be 150,000, it should be around 300,000 miles.

Now, logic has to prevail at that time, and I think it's fair play, that where you have the western and the far western States, you're going to have more miles. The Secretary spoke to that issue. Should South Dakota be penalized because we've got major highways going through South Dakota that were built to accommodate a national system?

By the same token, should the States that have lesser miles, but 10,000 times more people be also penalized simply because they happen to fall in that category as the States of New York, Califor-

nia or a high density State such as Pennsylvania or New Jersey. So this committee has to struggle with that.

What I'm trying to say to you to carry back, not in debate, but the qualitative miles that's decided upon under the present posture of the legislation as presented by the Administration is going to siphon off considerable flexibility and funding because you're going to be mandating in effect this national system and that means there is going to be considerably lesser funding to do all these other things we're talking about—the bridges, the urban, the rural and everything else.

That is the reason why the committee is coming back and saying to South Dakota and their brothers and sisters, the money isn't going to be there unless we do what we have to do.

Let me talk to you about intermodality so we understand where we're coming from. Isn't it crazy in my great State of New Jersey they have designated the turnpike, a toll road, to be one of the major north/south routes. We just built a new airport, a fine airport, the Newark Airport, three great pods, it's one of the fastest growing airports in the country—I think it's the second.

Across that very same highway, we have the containerized shipping port of Port Elizabeth, one of the biggest in the country. We can't get to them because in the transportation system, they didn't deal with the system, so for us to be able to get from that airport to bring freight to that airport, to bring it to just a quarter of a mile across that same turnpike, we've got to go through 30 cities because nobody planned on the intermodality. That is the point I'm trying to get across to you.

I want to add one more codicil to that. The capability of your flexibility and how you determine in your State to use that intermodality is going to determine the economic dynamics of your State because then you would plan in kind in a transportation system rather than the debate of whether to provide more highway money. That's the point I wanted to make.

Mr. HOWARD. Thank you. I agree that the States could do that. Thank you, Mr. Chairman.

Mr. MINETA. Again, Mr. Secretary, thank you very, very much.

[Mr. Howard's prepared statement appears on page 1733.]

Mr. MINETA. I would now like to call forward a panel made up of a couple of organizations with which I had a prior connection—the U.S. Conference of Mayors, The Honorable Peggy Rubach, Mayor of Mesa, Arizona, the Chair of the Transportation and Communications Committee; The Honorable James T. Beall, Council Member, City of San Jose, California and Chairman of the Transportation and Communications Policy Committee for the National League of Cities; and The Honorable Charles L. Waddell, State Senator from the Commonwealth of Virginia, and the Vice Chair of the Transportation Committee of the National Conference of State Legislators.

Mr. Chairman, while everyone's coming to the table, let me just indicate to you that time has a way of moving forward and I can recall when as Mayor of San Jose, I appointed Jim Beall to our Youth Commission. A few years have gone by and State Senator Waddell is probably one of the first people I ever met when I came to Washington, D.C. as a new member of Congress because at that

point Senator Waddell was working, prior to his retirement from his long service with American Airlines, at Dulles International Airport.

I feel I have, not two old friends before me, but friends of long-standing as well as Mayor Rubach from the great city of Mesa, Arizona.

The CHAIRMAN. Will the gentleman yield?

Mr. MINETA. Absolutely.

The CHAIRMAN. You know, your cordiality always highly impresses me as you speak for our very important guests, but if I may say to the good folks that are on this panel, this Mayor from San Jose thought much, much further ahead if you notice in the idea of setting up a youth committee and I hope we can add that to the transportation because you're going to need it.

Mr. MINETA. Mayor Rubach, your testimony will be made a part of the record and if you would summarize and proceed in your own fashion.

**TESTIMONY OF HON. PEGGY RUBACH, MAYOR, MESA, AZ, AND CHAIRMAN, TRANSPORTATION AND COMMUNICATIONS COMMITTEE, U.S. CONFERENCE OF MAYORS; HON. JAMES T. BEALL, COUNCIL MEMBER, SAN JOSE, CA, AND CHAIRMAN, TRANSPORTATION AND COMMUNICATIONS POLICY COMMITTEE, NATIONAL LEAGUE OF CITIES; HON. CHARLES L. WADDELL, SENATOR, COMMONWEALTH OF VIRGINIA, AND VICE CHAIRMAN, TRANSPORTATION COMMITTEE, NATIONAL CONFRERENCE OF STATE LEGISLATURES**

Ms. RUBACH. Thank you, Mr. Chairman and Chairman Roe.

We really appreciate the opportunity to be here today. In the interest of time, which is fleeting not only for Youth Committee members, but this morning looking at the rest of the people giving you valuable testimony, I will depart from my prepared remarks which are already a part of the record and request that I be allowed to submit one deletion by our omission, additional resolution that was adopted in 1986 and has yet to be addressed by the Congress which related to the Catch-22 of transit past subsidization versus free parking and all of those issues that are there. If I might submit that as an addition to the record, along with my prepared statement. I would appreciate that.

Mr. MINETA. Without objection, so ordered.

Ms. RUBACH. Chairman Roe has, in his questioning, stolen most of my speech anyway, but we are talking about a vision for the future here and I think that it is critical that we not get bogged down in some of the mistakes of past.

The system presently, as I see it, is broken and you have the opportunity to fix it. You have the opportunity to tie together those intermodalities to do away with many of the bad examples that have been referred to today where the system didn't work.

The way that you do that is by creating a framework for local and State decision-makers to use the limited dollars. I would love to get additional funding. I think transportation is a vital link to our future. However, if those funds aren't there, at least untie our hands and let them use it to the best effect, for two reasons—for

the economic development, moving goods and services, or moving people.

I cannot stress too much to you the tie-in to the Clean Air Act that you, as members of the committee, and to a certain extent I feel I'm preaching to the choir here because I know that you had an integral part in creating that.

Let me just back up a second and tell you how many hats I'm wearing today. I'm the Mayor of a suburban city of 300,000 in a metropolitan area of 2 million, Phoenix, Arizona, that is in one of your clean air hit areas; a major metropolitan area as many across this country that are going to be bearing the additional costs without a great deal of assistance and yet in rhetoric, in both the Clean Air Act authorizations and the proposed transportation authorizations, you're forcing a link here without giving us the tools to make sure that link happens. Flexibility is absolutely critical.

Yesterday, in some roundtable testimony before the Senate, the Santa Clara area spoke to the fact that the courts have placed sanctions on the use of highway dollars as a result of Clean Air Act nonattainment. Now, that's a real Catch-22 for an area that's not moving people, their air is dirty—and I'm not singling out Santa Clara, you can find your own example all across the country—and you're going to have 70 percent or more of the funding in highways that can't be built sitting out there in a pot as the streets get more and more crowded, as goods and services don't move, and nobody is achieving the national goal.

You have the opportunity to articulate that goal, give us—dangle the carrot of funding, so to speak—in a new partnership where State and local officials are at the table. Right now, local officials in everything I've heard this morning, I believe, given the past history of many of you sitting at the table that sat in local seats before you came here, are implicit in the process. They are there in the planning, but we are not, in present legislation, at the funding table.

If we're not there, then we've got a real problem because the urban/suburban, the rural versus urban, and all of those issues when you have limited dollars, if you don't create a process that includes, not only in the planning but in the funding side, the actual players—and in the case of Phoenix, in the case of San Jose, the local money for transportation is a very increasing share, the self-help, half cent sales tax initiatives and all of those are creating a network in the Phoenix area.

Because we weren't there years ago when the Federal money was available, we're now doing a couple hundred miles of road with local dollars. I'm not faulting that. I think the decision-making process for where those roads go, how they go, belongs at the lowest possible level to get the most value for the dollar spent, whether it be local, State, or Federal, but I don't see that partnership coming about unless you, as a Congress, write it in and don't think that it's going to happen.

We have a fairly good working relationship in Arizona with our Department of Transportation. It's a good partnership, but that isn't true all across the country and I think that the structure you have in the forcing of intermodal choices, in perhaps going to a performance standard—clean air attainment, moving people,

moving goods and services—and then backing off and saying, okay local people, figure out how best to use these limited dollars.

I think that would be the best melding and I don't care if there's 150,000, 300,000, 450,000 miles of whatever you want to call it, if you're not moving people—in our urban areas the congestion is going to kill us and kill our economic ability to compete on a national level unless you create that vision and allow the local people to be at the table.

A couple more Catch-22s, just quickly. To tie funding as you go through these—and I'm not saying throw out the baby with the bath water on all formulas because I don't purport to have a substitute here. Especially for nonattainment in clean air areas, if you tie funding to gas consumption where we're under a clean air mandate to decrease gas consumption, it's one of those Catch-22s and I think that you should seriously look at that.

Most of the rest of the testimony that we have, you have heard and you will hear from other speakers, so I would leave you with the idea that we want to be partners with you. The local governments feel that moving this country forward in the next 30 years is the responsibility of this committee to come up with a visionary plan and not one that necessarily harkens back to what worked 30 years ago, and may not work in the future. So be visionary.

Thank you very much for the opportunity.

Mr. MINETA. Thank you very much, Mayor Rubach.

Let me have the panel continue in their testimony and Mr. Beall, your statement on behalf of the National League of Cities will be made a part of the record.

Mr. BEALL. Thank you very much, Mr. Mayor. I'll call you Mr. Mayor because that's what I'm used to calling you. You call me, Mr. Youth Commissioner, if you like. Every time I come to the committee, I'm pointed out as being a Youth Commissioner, but I'd like to point out to the committee that I've been on the San Jose City Council for ten and a half years and enjoy my work as a Council Member and as Chair of the National League of Cities' Transportation Committee.

So representing the cities here today on transportation issues, I'd like to echo the statement regarding a need in the legislation which is not present at the present time in the Administration's proposal for a partnership with local government. There is no proposal in the legislation that deals specifically with local government in terms of a partnership. We believe that should be a part of the Federal commitment to leveraging their dollars, to make their dollars used more effectively.

We believe that the Administration's proposal that has been presented in a policy fashion really indicates the importance of investing in the urban and suburban areas. We think that the infrastructure is at a point in many communities that threatens our economic future. The congested roads, aging transit systems, and deteriorating bridges have been documented quite succinctly by the Department of Transportation. It acknowledges that our needs are great and the Federal resources are limited. However, we believe that much can and should be done at the national level to meet the current and future needs.

Local government officials believe that the Federal Government needs to play a substantial role in maintaining and improving urban mobility. Cities and towns are the key to our economic future. The National League of Cities endorses a separate, flexible urban/suburban program targeted at strengthening our cities' functions at economic centers, moving people to and from their jobs and other activities, and moving goods to their intended destination in our urban areas.

An urban/suburban program should deliver the Federal funds directly metropolitan areas with local responsibility for selecting and programming projects. Local officials are most familiar with and committed to local needs and they should be responsible for decision-making on local projects.

Funding directed to local or regional bodies brings transportation communities together to develop and agree upon priorities, plans, work programs, and improving schedules. The cities have improved more and more financial responsibility and funding transportation programs as the Federal support has declined.

The San Jose area voters, for example, have approved our half cent sales tax for needed highway improvements. Local government now funds 75 percent of all highway construction in our county. In California, 18 counties have approved half cent sales taxes generating $20 billion—that's billion, not million—for transportation. Local financial support must be accompanied by increased local decision-making over the expenditure of Federal funds.

In turn, the city must seek and encourage innovative solutions with transportation programs that further stretch local, State and Federal dollars. Federal funds under a new urban/suburban program should be flexible for use on highway or public transportation programs that meet a regional mobility need.

The Federal matching ratio should be the same across modes of transportation so that planning decisions can be based on the best option for meeting local transportation needs.

We also seek a separate, flexible rural program to meet the needs of smaller communities. The Administration proposal would pit urban/suburban centers against rural areas within a State. We believe that large and small communities have really different needs and spending decisions are based on different criteria in those areas. Urban, suburban and rural spending and program decisions should be treated separately and funded at appropriate levels.

Local officials support Federal funding for the preservation and maintenance of the interstate system. We do not support the National Highway System outlined in the Department of Transportation proposal. We are concerned that the NHS envisioned by the Administration would absorb the bulk of Federal transportation funds. This may not be the best use of limited transportation resources.

We believe that the NHS proposal will not result in congestion relief in cities since the proposal does not consider the best way to address mobility needs in a particular quarter and makes no effort to tie the highway projects in with other transportation modes.

Further, local governments have played a minor, if any, role at all in the planning of the system. Local officials strongly oppose the Administration's proposal to end Federal funding for public transportation and we believe that the Administration is going in the wrong direction in reducing Federal support for public transportation.

Compliance with our Clean Air Act and the recent passage of the American Disabilities Act will most definitely increase local responsibilities for transit expenditures. While commendable goals, local government cannot replace the shrinking Federal dollars and meet new financial responsibilities imposed by the Federal Government. In fact, it may result in a significant net loss of revenue for urban/suburban areas.

We believe that the Federal support for public transportation should be enhanced rather than diminished. Funds should be flexible for both ways, from highway to public transportation programs and from transit to highways.

Further, we urge your support for correcting inequity in the Federal tax laws which favor employer-provided parking benefits over employer-provided public transportation.

Local officials are also particularly pleased with the provision in the Administration proposal on billboard reform. We believe that the Highway Beautification Act should be amended to prohibit new billboard construction on federally-aided highways, prohibit tree-cutting on public right-of-ways for the purpose of improved billboard visibility, and restore the rights of cities and States to amortize billboards.

Mr. Chairman, members of the committee, we greatly appreciate your leadership on these issues and look forward to working with you to pass a surface transportation measure before the September 30th deadline. You've always been strong supporters of the needs of local government and we urge you to continue that support in your deliberations on this bill.

Thank you very much.

Mr. MINETA. Thank you very much, Mr. Beall.

State Senator Waddell, it's good to have you with us. As I recall, are you not also Chair of the Transportation Committee for the State Senate for the Commonwealth of Virginia?

Senator WADDELL. Yes, Mr. Chairman, right.

Mr. MINETA. Thank you very much. If you would go ahead and proceed, Senator Waddell.

Senator WADDELL. Mr. Chairman, members of the subcommittee, distinguished panel guests, in the General Assembly of Virginia, Mr. Chairman, when you have a very popular subcommittee, sometimes the big Chairman comes to sit on that subcommittee and I noticed you have Mr. Roe from New Jersey here and we're delighted. I think that points up the importance of this committee and also the popularity of this committee at this particular time.

Mr. Chairman, members of the subcommittee, I am State Senator Charles Waddell and I chair the Virginia Senate Transportation Committee. I appreciate this opportunity to represent the National Conference of State Legislatures and the Virginia Assembly on the reauthorization of Federal aid and highway and mass transit programs.

The State/Federal partnership which as successfully managed the creation, construction and soon to be completion of a national interstate system provides an excellent opportunity and an excellent foundation for the next era in the Federal aid program. However, this foundation has developed some structurally unsound piling.

In the budget Congress approved last year, the long-standing commitment to dedicate highway user fees to highways was breached. Spending caps were established which arbitrarily limit transportation spending and now there are proposals surfacing to impose yet another Federal fuel tax increase without remedying existing diversions and withholdings of transportation revenue.

I hope that my statement thus far constitutes, as you've said, Madam Mayor, preaching to the choir. We applaud the Public Works and Transportation Committee's efforts to secure higher obligation ceilings and reclaim transportation user fees for surface transportation programs.

Also, comments made by members of the committee expressing concern over the ability of States to take on more of the financial burden did not go unnoticed. I would like to include for the record a NCSL State Budget Update which provides a rather austere budget picture.

While the Federal Government can count on approximately $1 billion in revenue to be generated from every penny increase, there is a great deal of variance at the State level. For example, in Virginia, we estimate each penny generates $34.9 million, whereas California gets $130 million for each penny increase. The State of New Jersey can generate about the same revenue as Virginia, but does so with a tax of 10.5 cents. That is less than two-thirds the level of Virginia's 17.7 cents.

To further highlight this variance, a look at Nebraska's motor fuel tax shows the highest tax in the nation at 26.4 cents. Yet the State only generates $7.7 million per penny to raise one-quarter of the revenue Virginia collected in the same year, fiscal year 1990.

While NCL supports the rationalization of Federal/State matching ratios, clearly all taxes are not created equal. The ability of each State to generate funds to match Federal dollars should be closely examined in undertaking any restructuring of the Federal matching requirements.

As a means of maximizing the spending power of limited funds, NCSL supports streamlining and consolidating many of the existing highway funding categories. Specifically, this support envisions consolidating categories according to a similar function or service in providing State programming flexibility.

Proposals to create a consolidated program for a national highway system as well as focus attention on regional mobility concerns reflect this philosophy. In the spirit of a State/Federal partnership, NCSL supports the elimination of all Federal sanctions used to enforce Federal standards, particularly in operator specific areas.

The Federal Highway Safety Program in particular should foster comprehensive safety programs at the State level through the use of incentive grants. Incentive grants do work if the compliance criteria is realistically devised.

On motor carrier preemptions, the Administration's reauthorization proposal, as well as at least four other legislative proposals, seeks to preempt State authority over interstate motor carrier regulation, registration, taxation and judicial process. NCSL opposes and foresees these efforts as unacceptable intrusions into State revenue-raising authority, police powers and administrative procedures.

States have an obligation to insure that all users of State transportation networks pay an equitable share of the cost of using the system. The State efforts to attempt to balance these contributions would be severely undermined by Federal preemption into selected areas for selected users.

State prerogatives to enact and enforce laws to insure the safety of the motoring public must be protected. This is of critical concern in the area of State motor carrier regulation. I would encourage this subcommittee to forego addressing the litany of motor carrier regulatory issues as a part of this reauthorization package.

In the area of transit, States are making every effort to support increasing demands. In 1988, State operating assistance represented the third largest aggregate source of transit income. The Commonwealth of Virginia has contributed approximately $350 million to meet transit needs, excluding the State contribution to Metro which serves this metropolitan area.

In view of the increased costs the Federal requirements impose on transit services, the Federal Government's contribution should be reevaluated. While NCSL's position has been to support the highest funding level for reauthorization which can be supported by transportation user fees, we have not settled on any arbitrary amount. We do, however, assume that all transportation taxes and fees should be made available for transportation expenditures.

Preliminary House Budget Committee reports of a mere $1 billion increase of the transportation functions are clearly inadequate and unacceptable. At the end of 1991, approximately $11 billion in State apportionment will remain unused due to the obligation ceilings imposed by the Congress. In short, the financing decisions made by Congress to increase or divert Federal fuel taxes have a disparate impact on State efforts to recoup these losses.

In 1986, the Commonwealth of Virginia adopted a $10 billion, 12-year transportation program to be supported through the creation of a multimodal transportation trust fund. This long-range plan, however, was predicated on a continuous, predictable Federal contribution. Virginia needs at least $400 million per year in Federal assistance just for the existing interstate system.

Our population has grown some 14 percent in the past decade, but travel has doubled during the same period. Those of you with homes in northern Virginia may know that a $7.3 billion shortfall in meeting priority transportation needs is predicated in the years prior to the year 2010.

Although the Federal contribution to the nation's transportation system has been steadily declining, there has been no reduction in Federal strength. At this time, States operate under threat of losing vital Federal aid highway dollars if not in compliance with at least 15 mandates, some of which relate to the highway program.

I strongly urge this subcommittee to resist the temptation to dictate State legislative behavior through the use of sanctions. A much more palatable approach which was included in last year's transportation appropriations legislation provides for a State to opt for a State approach in lieu of federally-mandated license revocation procedures, a rather appealing exercise in a participatory democracy.

In closing, if the goal embodied in a new and improved national transportation program is to efficiently move people and goods in an integrated manner, we have an obligation to insure that there are no weak links in the system. In restructuring the Federal aid highway and mass transit programs, clear national goals should be established which are supported by both the public and the private sectors. In this way, we all work with the same blueprint.

In general, the States are concerned that the following premises underlay the reauthorization package: one, maximize expenditure of trust fund monies by increasing obligation ceilings and dedicating all user fees to appropriate trust funds; two, focus Federal spending in areas of national significance as determined in collaboration with the States; three, insure that States receive a fair return relative to their contributions to the trust fund; four, provide greater flexibility to States in planning and programming, both between and within funding categories; five, eliminate the Federal aid highway funding sanctions; six, remove Federal restrictions which limit States in their ability to develop innovative financing.

I am including for the record a copy of the NCSL transportation policies which provide additional direction and recommendation on highway safety and mass transit programs. I'm also including the Commonwealth policy goals developed by Virginia.

Again, I have appreciated the opportunity to share with you the views and concerns of the nation's legislatures. I look forward to working with you on the programs that will not only address mobility needs but complement our national, social, economic and environmental goals as well.

I thank you, Mr. Chairman and members of the committee, for your kind attention.

Mr. MINETA. Thank you very much, Senator Waddell.

Mayor Rubach on page seven of your testimony, you talk about the Administration's proposal relegating local decisionmakers to the planning table giving us no role at all at the funding table. In terms of COGs, metropolitan regional planning organizations and councils of governments, do those agencies locally constituted become that kind of a planning function where you are talking about both dollars as well as transportation planning?

Mayor RUBACH. Mr. Chairman, as Chairman of one of those COGs, the Maricopa Association of Governments, we serve in partnership with our State Department of Transportation in a number of different areas. The transportation side is that we set priorities and make recommendations that become part of their 5-year capital improvement plan, so technically they are the funding, we are the planning side.

It has caused a little bit of consternation over the years and as there's become an increasing local share of dollars, in our case,

Maricopa County, like San Jose, has a half cent sales tax, a concern that the State was dictating to the local area. I think that some sort of way of either having a population adjustment in the decisionmaking process or some sort of super majority in order to achieve certain goals might be a way to structure that.

I do believe that the regional COGs, as part of the clean air, as part of the major source or the major focus of congestion problems, have a responsibility at both the planning and funding table. In fact, under the Clean Air Act, we are the ones locally with the responsibility, not the State, for nonattainment.

So if we are going to tie the two programs together, it's important that you structure and encourage the regional COGs to become important players at that decisionmaking table.

Mr. MINETA. Well, I think that's part of our intent, but the question is, how do you get that template, let's say, in the Phoenix area as compared to Salt Lake City, San Jose or to northern Virginia, New York, or wherever? It seems to me that what we, as well as the Administration, are talking about is flexibility and we're saying yes, that ought to be done at an MPO/COG level and I would think that transportation planning and transportation funding come together at that point.

Mayor RUBACH. Yes.

Mr. MINETA. You're saying that it's not a level playing field when you're negotiating with the State?

Mayor RUBACH. Our State, as in many States, has competing priorities, rural versus urban. We are somewhat unique in that most of the population in Arizona is clustered in the Phoenix metropolitan area. However, the partnership would work a little bit better if we knew we were at the table on the funding side. I think that's probably true nationwide.

Mr. Chairman, can I take this opportunity to hit one of the other Catch-22s that I think metropolitan areas and certainly the Conference of Mayors has concern about? In the address that you give to what gets included or not included in the reauthorization bill, I'd like to echo the National League of Cities' commitment to the billboard reform. That is a part of our policy; I think it does belong in there.

Many of our local jurisdictions have addressed this issue and to have you absent on many thousands of miles of roads on this issue would probably not be visionary for the future either.

The other Catch-22 that we've got is the funding as currently proposed is still tied to lane miles rather than passenger miles and once again we are reinforcing what we don't want as behavior in the long term. We are not moving people, we're moving vehicles again. That sways towards the highway and really speaks against mobility needs in metropolitan areas.

Mr. MINETA. Let me ask, Mr. Beall, as you stated in your testimony, the Administration bill restores to cities and States the right to amortize billboards. There is nothing in the Administration bill, however, that requires that cities or States use amortization.

Do you and the other members of the panel believe that your cities or, in the case of Senator Waddell, State, would exercise this kind of a restored right?

Mr. BEALL. I think a lot of rights of the cities in that regard have been clarified recently by the Federal courts in the Raleigh case recently handed down last week. We do have the right to amortize the billboards and that has been clarified in Federal courts as of last week.

Mr. MINETA. In what case?

Mr. BEALL. Raleigh, North Carolina.

Mayor RUBACH. Major Media's the Southeast v. The City of Raleigh.

Mr. BEALL. So we're going to be looking at that for direction in terms of that issue to clarify the issue.

Mr. MINETA. Senator Waddell, do you have a particular percentage in mind when you testify with regard to the allocation of highway funds that States should receive "a fair return relative to their contributions to the trust funds"? As you're well aware, the current minimum allocation is 85 percent.

Senator WADDELL. Well, as I pointed out, Mr. Chairman, the long-term commitment Virginia made in 1986 with a $10 billion program over the next 12 years, an integral part of that was expecting $400 million from the Federal Government each year as a part of that.

Mr. MINETA. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. I have no questions.

Mr. MINETA. Mr. Anderson.

Mr. ANDERSON. Yes. Thank you, Mr. Chairman.

I have a question for Councilman Beall. Jim, as you well know, the ramification of the conformity issue of the Clean Air Act are, in my opinion, just starting to be realized by many State transportation officials throughout the nation. I know our Chairman, Mr. Mineta, is very familiar with the situation that you in the City of San Jose, have faced in recent months in trying get the Guadalupe corridor open.

Could you please take a moment and explain the situation again so that all of our members may have the benefit of your views on this matter, specifically, how has the conformity provision of the Clean Air Act already impacted one of California's most important improvement projects?

Mr. BEALL. The Guadalupe corridor is a combined highway, light rail transit project that's funded in a true partnership with the Federal, State and local dollars. The light rail will be open next Thursday and we're completing the project, we're having a grand opening Thursday.

The highway portion was stopped in essence by a Federal court due to the lawsuit that has been filed against the Metropolitan Transportation Commission. The project has been stalled for 9 months and the interesting thing about this project is the funding sources are about 85 percent local, meaning the City of San Jose, 15 percent by the State, and only 5 percent federal, yet the Federal law that has been applied has stymied this project and numerous others in the Bay area.

Mr. MINETA. That was on the conformity issue, wasn't it?

Mr. BEALL. That's right. It's not that the highway is a project that encourages air pollution, it's just that the process was challenged in court. As it turned out, we recently did a study on all the

highway projects, specifically in the Bay area and it's rather interesting that this particular project was found to be an improvement in air quality by doing this computer study that they've done.

So it's really cost a considerable amount of money in the process issue that hasn't been clarified. Right now, the law is being written by a Federal judge, not by Congress. So I think it's a very serious issue that has to be clarified.

Mr. MINETA. Mayor Rubach.

Mayor RUBACH. Mr. Chairman, Mr. Anderson, we need help as cities as we forge this linkage between transportation and clean air. In my testimony that was presented in writing, I spoke to the need for the Phoenix area to get some technical assistance perhaps in some sort of a project that would have transferability to other parts of the country.

We in Arizona and California are the court cases that this is being tested upon. Without a great deal of help, we are expending our very limited dollars to try and come up with these computer models, these technical things, because EPA can't tell us what they need.

I would submit to you that if Congress is going to ask us to meet certain standards, then you should be partners with us in trying to at least determine what those standards should be or could be. Perhaps included in your reauthorization, could be several projects typical around the country that would have some transferability in assisting.

I also submit that the courts are probably not the right place to determine where clean air or what clean air is and I'm not sure if you would like to make some clarifications that would perhaps deal with those issues so we don't end up in court on every highway and byway across America.

Mr. ANDERSON. I'm glad you mentioned the Phoenix area along with San Jose because that's the problem I've had. I've been getting questions on this conformity issue all over the country. Wherever they build a highway, and usually you think when you build a highway, it's going to move traffic and maybe even clean things up a little bit, but then they hit this conformity issue and it's happening all over. I just thought we ought to know that and try to do something about it. I don't know what.

Mr. BEALL. Well, I think the confusion is resulting in serious delays in the projects and it's costing literally millions of dollars in terms of the delay costs for these projects. In this case, the project in San Jose was stopped and it was 90 percent built. The project was 90 percent completed and all they had to do was pave over the road bed and put the electrical signs in and so forth and it was stopped for 9 month so far. It hasn't been started yet so it will probably be another few months.

Mr. ANDERSON. I was told when you got your project completed, not only would you clean up traffic but you might also even clean up air.

Mr. BEALL. It will clean up air.

Mr. ANDERSON. And yet the conformity thing, it kind of stalls me and I think we ought to know that there is a problem and we ought to try to do something about it.

Thank you, Mr. Chairman.

Mr. MINETA. Mr. Clement.
Mr. CLEMENT. No questions.
Mr. MINETA. Mr. DeFazio.
Mr. DEFAZIO. No questions.
Mr. MINETA. Let me thank our very distinguished panel for your presentation today and we appreciate your helping us in terms of that process because frankly, if I can use a metaphor—I don't know if it really fits—but you're at that level where the rubber touches the pavement and I know that when I was in local government, I used to always wonder whether or not those people in Congress knew what was coming out at the other end of the legislative pipeline.

I'm convinced now that those who are writing the law are cognizant of what happens at the other end of the pipeline. I'm not sure that those who write the regulations have even read the law or are cognizant of what happens at the other end of the pipeline. So again, thank you very much for your helping us go through this process.

Mayor RUBACH. We would like to assist as you continue as well. Thank you.

[Mayor Rubach's prepared statement appears on p. 1998.]
[Mr. Beall's prepared statement appears on p. 1259.]
[Mr. Waddell's prepared statement appears on p. 2021.]

Mr. MINETA. At this time, I'd like to call forward a panel made up of The Honorable Andrew Warren, Commissioner, Bucks County, Pennsylvania, Vice Chair of the Transportation Steering Committee for the National Association of Counties and The Honorable Lilla Richards, Supervisor, Fairfax County, Virginia, Chairman of the National Capitol Transportation Planning Board, Metropolitan Washington Council of Governments, and representing the National Association of Regional Councils.

Mr. Warren and Ms. Richards, your testimony will be made a part of the record and again, I would like to ask you, as much as you can and all the other witnesses if you could, to help us out since we do have over 30 witnesses today to abbreviate your remarks since your full testimony is put into the record.

Mr. Warren, if you would introduce your colleague and proceed?

**TESTIMONY OF HON. ANDREW WARREN, COMMISSIONER, BUCKS COUNTY, PENNSYLVANIA, VICE CHAIR, TRANSPORTATION STEERING COMMITTEE, NATIONAL ASSOCIATION OF COUNTIES, ACCOMPANIED BY BOB FOGEL, NATIONAL ASSOCIATION OF COUNTIES; HON. LILLA RICHARDS, CHAIRMAN, NATIONAL CAPITOL TRANSPORTATION PLANNING BOARD, METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS AND THE NATIONAL ASSOCIATION OF REGIONAL COUNCILS**

Mr. WARREN. With me today is Mr. Fogel from the National Association of Counties.

Mr. Chairman, it's a pleasure to be here and I would suggest to you that a number of the county commissioners throughout the United States did appreciate your appearing at our National Association meeting last month. Your comments were quite enlightening. I hope mine can be half as much. I was very impressed by the

caliber of the committee and it is not difficult by the questions that have been asked to identify the members of the committee who have spent time in city halls and county courthouses throughout this country.

As you said, I am a county commissioner in Bucks County, PA and today am representing the National Association of Counties where I do, in fact, serve as Vice Chair of the Transportation Steering Committee. Bucks County is a suburb of Philadelphia with a population of 560,000 and aside from experiencing a dramatic population increase over the past decade, we have also seen a change in commuter patterns to the extent that there is now a substantial reverse commute from the central city of Philadelphia to places of business in Bucks County.

There are no new roads being built to address this commuting problem. Interstate 95, which goes through Bucks County, is now being used increasingly as a local road and averages about 19 miles a hour at rush hour with speeds expected to decrease 2 percent annually over the next 5 years.

The Southeastern Pennsylvania Transportation Authority, on whose board I sit, is on the verge of bankruptcy, in part because of Federal cuts in the transit program and in part because of Pennsylvania's failure to enact a dedicated source of funding for transit.

I recently chaired a study of transportation financing which estimated that $4 billion would be needed over the next 10 years just to keep our transit systems maintained in good condition with no expansion whatsoever.

I have stated these concerns not only to highlight conditions in Bucks County but to illustrate some of the points which NACo believes must be factored into any rewrite of the Surface Transportation Act. We have interstates being used as local roads, we have a transit system which has been severely impacted by cutbacks in Federal funding and a suburban mobility problem which is being ignored.

Let me comment on where NACo believes the Surface Transportation legislation should be heading. The competitiveness of American goods and services is undermined by not investing in highways, bridges and mass transit. Rather than simply measuring traffic or ridership, we must make decisions based on strengthening our economy and making our goods and services competitive on an international as well as a national level.

The choke points of our economy are in our suburban and rural areas. In suburbia, congestion adds billions of wasted dollars to the costs of moving goods, services and people. Our rural areas' underinvestment in highway and accelerated deterioration of these same roads make it more expensive to move commodities and discourages new economic activity.

NACo believes that the Federal Government needs to invest more money in surface transportation. Most county, city and State governments have been increasing their investments and it is time for the Federal Government to increase their share.

Concerning the financing and structure of the Federal highway program, NACo suggests all the funds collected in the trust fund be spent for highway and bridge purposes and not be used for deficit reduction or any nontransportation purposes. Additionally, NACo

supports continuing the same match ratios in the highway and transit programs.

The highway program should have four basic programs. For the purpose of this testimony, let us assume an obligation level of approximately $16 billion, slightly above the level recommended by the House Budget Committee.

The first program would be in urban/suburban mobility funded at $2 billion; the next would be a rural access program at $2 billion; the third would be a bridge program funded at $2.95 billion; and the final program would be an interstate-primary block grant somewhat analogous to the Administration's National Highway System, but with more mileage. It would be funded at $7.8 billion.

It is NACo's view that legislation should contain both an urban/suburban mobility program and a rural program. They should be separate because the problems of urban and rural America are substantially different. NACo also believes that this program should have the flexibility to allow, at the option of local government officials, up to 100 percent of these funds to be spent on mass transit.

Like the Administration, we believe the bridge program should continue to remain separate. Historically, the bridge program has been funded by the county government with the largest number of Federal highway dollars as compared to other categories.

The mass transportation program should be continued in its current structure but with increased funding and flexibility and we urge Congress to spent down the balance in the trust fund in order to increase the size of the program so that it can make up for the cuts that it has absorbed over the past 10 years.

Frankly, we would like to see a dedicated source for transit funding rather than having to depend on the general fund, but if additional gas tax is not likely, we certainly support the use of general fund monies.

In conclusion, a very key issue for county government is strengthening the Federal/State/local relationship in the surface transportation program. While the current law calls for fair and equitable treatment of local government and cooperation and consultation with local officials, we need a process to back it up.

One suggestion would be a State level commission attached to the State Department of Transportation or Highway Department consisting of representatives nominated by the State Association of Counties, the State Municipal League and the Governor. It would review and approve the plan developed by the State Department of Transportation or Highway Department for the allocation of Federal funds.

At this point, I would conclude my testimony in deference to your time and be happy to answer questions after Ms. Richards.

Mr. MINETA. Thank you very much, Mr. Warren.

Ms. Richards.

Ms. RICHARDS. Good morning, Mr. Chairman and the other distinguished members of the committee.

My name is Lilla Richards. I'm a member of the Fairfax County Board of Supervisors and its Transportation Chairman. Since June of 1989, I have been Chairman of the National Capital Region Transportation Planning Board, which is the metropolitan planning organization for the Washington area.

Yesterday, we released a study that I'd like to also make a part of the record that is very much on point to comments people have been making about parking, employer-provided parking. I think in Congress' consideration of the changes in the Federal tax law in that area, this contains some very helpful illustrations of how an employer would have to put up $4400 to achieve the same fringe benefit for his employee as giving him a free parking space.

That works against the interest of metropolitan areas when we are trying to encourage people to use transit because our tax law gives preference to the free parking instead of to the person who uses transit.

Ms. RICHARDS. I appreciate the opportunity to appear before you today on behalf of the National Association of Regional Councils, which is the national association that represents substate, multijurisdictional MPOs such as mine across the country.

I'd like to begin, Mr. Chairman, by thanking you and the subcommittee for moving so expeditiously toward reauthorization of the Surface Transportation Act. We also commend you for your efforts in seeking a broad range of views and perspectives on the future Federal program.

Now that the construction of the interstate highway system is almost complete, we have an opportunity to fashion a new Federal surface transportation program for the nation. The kind of program that is put in place must address growing congestion in our metropolitan areas and the mobility needs of rural America. The program must address the environmental degradation that is associated with congestion, and it must address our dependence on foreign oil.

The failure to structure a surface transportation program that addresses these issues will surely limit our ability to compete in the global marketplace and will threaten the quality of life of all citizens. The Administration shares these goals but we differ on the approach to best achieve these goals.

Our views are shared by five other national interest groups that co-authored the statement of principles entitled "Tying It All Together." I'm sure you all have copies of that. That is the National Association of Counties, the United States Conference of Mayors, the National League of Cities, the American Public Works Association, and the American Public Transit Association.

The concepts we envision are shared by another broad coalition, the Surface Transportation Policy Project. Again, I believe you just recently received copies of their publication. Their members range from the American Institute of Architects to the Energy Conservation Coalition and the National Wildlife Federation.

Reauthorization discussions ultimately always turn over the financing issue. We endorse the recommendations of the National Council on Public Works Improvement which call for a doubling of the investment in our infrastructure and for a restoration of the Federal Government's financial participation to past levels.

We appreciate the leadership of the House Public Works Committee in seeking a renewed Federal financial commitment to transportation. We fully support your proposal to increase the motor fuels tax.

We believe the program structure and intergovernmental planning and program management process should be governed by the following objectives: preservation of the interstate highway system; greater flexibility to respond to unique needs and conditions and discretion to meet specifically-defined Federal policies and priorities; the use of systems management techniques as a condition for highway and transit project approvals; a broadened definition of transit to include all forms of high occupancy vehicle use; an equitable distribution of resources to the States and metropolitan areas based on federally-established formulas; a strengthened planning, programming and prioritization role for MPOs to insure integrated transportation systems; to coordinate land use and transportation investment decisions; and to organize effective programs for attaining air quality and energy goals and other national objectives.

These objectives can best be served by refocusing the Federal transportation resources to serve four basic objectives: the interstate highway preservation with emphasis on improved interstate and interregional travel performance; metropolitan mobility focus on development objectives and congestion relief—again, this can be transit not just highways; rural access and interregional travel needs and bridge rehabilitation and repair.

A redirected Federal program structure must be coupled with a strengthened intergovernmental planning and program management process. We seek a process that would not diminish the role of the States but rather one that would provide a stronger voice for local governments through a joint collaborative process.

Under our approach, local governments, in collaboration with the States, transit operators and the private sector, would jointly decide investment strategies based on the most effective solutions.

We are in agreement with the Administration's national transportation policy that the future program must address ever-increasing metropolitan congestion. We differ over how to achieve this objective. We are concerned that the Administration's legislative proposal would focus the lion's share of resources, 70 percent, on a pre-defined set of highway facilities which would not necessarily result in the most effective mix of investments to achieve enhanced mobility and other national goals.

This coupled with limited transferability and flexibility would result in continued reliance on expanding the capacity of a limited set of highway facilities as the primary solution to congestion. In my own State of Virginia, which is one of the few States in the Union that has complete responsibility for highways, major Federal highway projects like Interstate and Interstate 4-R projects are not jointly determined through a serious local and regional planning and allocation process. These types of Federal projects should be selected for Federal funding based on where the congestion is and where the cars and trucks are.

At the same time, my county is constantly seeking Federal funding for high capacity congestion relief projects like expanded HOV and transit projects, while new highway capacity projects are being built and planned in parts of Virginia that pale in comparison to northern Virginia's transportation needs.

We also believe the nonuniform matching requirements proposed by the Administration would exacerbate the current bias toward

expanding the capacity of our interstate system as the preferred strategy for dealing with congestion.

Even in the Washington area, we found the most effective strategies for improving the performance of the interstate are often investments off the system. By wisely investing in integrated strategies for overall mobility rather than an exclusive focus on a few highway facilities, we can help ensure that the interstate system performs once again as it was intended, with high levels of service.

In the 96 metropolitan areas that are in violation of air quality standards, the Clean Air Act amendments just enacted by Congress may require a change in transportation investment strategies. In serious and severe nonattainment areas, including this area, highway capacity expansion will be restricted.

We are concerned that with the limited flexibility and the highway bias in the Administration's proposal, nonattaining metropolitan areas would have difficulty finding eligible projects for Federal transportation funding. This would erode the ability of nonattainment areas to make investments in transportation control measures that would assist in achieving air quality standards while enhancing mobility.

Congestion is a national problem that cannot be solved solely by widening the interstates, by upgrading principal arterials to interstate standards or by building bypasses. We believe that to deal with congestion, we need a metropolitan transportation program that will focus resources on integrated metropolitan transportation systems.

We need to have flexibility and incentives to employ a combination of highway strategies, transit options, HOV lanes and more effective systems management techniques. Moreover, we need allocation formulas that do not penalize areas that take actions to reduce vehicle miles traveled.

The metropolitan systems program we propose is designed to assure that resources are directed to metropolitan areas for use on designated metropolitan systems and corridors. An enhanced performance based planning and programming process would assure that resources are most effectively invested to meet the national mobility objectives as well as other national goals such as air quality.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Ms. Richards. You just provoked a discussion up here on sanctions versus incentives. I guess that's what you were getting at in your last piece.

Ms. RICHARDS. Yes.

Mr. MINETA. How is NARC's metropolitan systems program different from the existing Federal aid urban system? Are funds allocated differently and are you proposing to change the relationship between State officials and regional planning organizations?

Ms. RICHARDS. What we'd like to suggest is that the example that we've had in the Washington Metropolitan Area ought to be more widely available as we change the focus of the Federal effort in transportation. We have a collaborative process with the States and with local governments through the Metropolitan Washington Transportation Planning Board we have here. That has been in process for 25 years now.

It has been working well. We think that example ought to be strengthened. We think there should be additional funds. We think there should be additional incentives to have people get together and do that planning in that way. The Federal effort can help us by focusing funds towards congestion management and not just vehicle miles.

Mr. MINETA. In that light, what do you envision as incentives?

Ms. RICHARDS. Well, the problem with the existing legislation that's being proposed is that it penalizes areas like ours where we have achieved fairly high levels of HOV use and we want to see that changed. We want to see through this program——

Mr. MINETA. But it seems to me the Administration comes back and says yes, we're giving localities increased flexibility. They are trying to use that argument of flexibility as the tradeoff in saying that is your incentive since local and regional bodies ought to be in a better position to determine the choice as to whether you want an HOV lane or whether you're going to put it into a fixed rail system, or another lane of highway, that you can make those kinds of decisions at the local level.

Ms. RICHARDS. We think it's in the national interest that there be incentives, bonuses and so on to those metropolitan areas throughout the country that do that kind of extra thing so that you're not taking money away from the rest of your possible uses for the funds in order to do something that enhances congestion management.

There needs to be throughout the nation incentives available to encourage high occupancy vehicle use and transit use. We don't want that taken away.

Mr. MINETA. But wouldn't you have that ability, let's say, if there were a bridge in your area and you were to use off-peak bridge fares or pike-peak bridge fares to try and make those kinds of flexible or the kinds of incentives that you want at the local level?

Ms. RICHARDS. We're really not talking about from within that same pot. We're talking about giving an extra bonus to those areas that make the kinds of changes in the way that peoples' lifestyle has to change.

Mr. MINETA. Okay. You also list, "the use of systems management techniques as a condition for highway and transit project approvals." I'm wondering if you could explain what techniques you're referring to and how this would work?

Ms. RICHARDS. Well, for example, ramp metering where you increase the capacity on the system by what you do with the roadways that are coming in from the side; synchronized traffic signals. There are a variety of examples.

Mr. MINETA. Mr. Warren, in your testimony, you call for a direct passthrough of flexible urban funds to local governments in areas above 200,000. How would this affect the metropolitan planning process and would local governments be less inclined to participate in setting project priorities at the regional level with a direct passthrough of funds?

Mr. WARREN. I don't believe they'd be less inclined at all. I think they would certainly stay involved in that but at least if it came directly to them, they would be able to better quantify just exactly

where the funds should be and how it should be spent because it would affect them more so.

In Pennsylvania we have a lot of uniquely weird things that need correcting but throughout the rest of the country where there is some semblance of order to things, I do not see that as a deterrent, no.

Mr. MINETA. Maybe this is something that Mayor Rubach was sort of alluding to. If I were to go back to my experience as a Mayor, we would make our priorities in terms of how we were going to spend our city monies, the local projects, and we would say, here is the priority list, we would like to see how the State would spend their money in our area. But we were always over the barrel because they'd say, well, we'd like to have you take this State project and use your local monies to do it. We'd say, well, that's not on our priority list. Well, then okay, fine, and then they'd walk away from the table.

Is this something that—in Bucks County or Fairfax County—you face in trying to leverage against the State when you're discussing as to how you're going to use your local funds or your State funds in your local areas?

Mr. WARREN. We experience that, yes.

Mr. MINETA. Do you find that you're over the barrel and don't have the leverage to counter the power of the State?

Mr. WARREN. Yes.

Mr. MINETA. That's why you talk about this direct passthrough?

Mr. WARREN. That's correct.

Mr. MINETA. Trying to avoid or to avert—I don't want to use the word bypass—but to—

Mr. WARREN. That the money get to where I think you and Congress intend it to be when it is a passthrough—I am a member of our Delaware Valley Regional Planning Commission also and that is unique, as you may be aware. It's New Jersey and Pennsylvania, a nine-county region. We have both Departments of Transportation on that planning commission. It makes it quite difficult. I think the sooner it gets to where it's directed to go, the better.

Ms. RICHARDS. If you want a good example of a major battle between the localities and the State of Virginia would have been the controversy over I-66. It was the Metropolitan Planning Organization where we were able to get the process stopped so that we could redesign the road to have it be an HOV facility. I was very much involved in that as a private citizen.

If it hadn't been for the fact that the Federal legislation allowed that decision-making to be done as a collaborative, cooperative process that involved the localities as well as the State, we would not have been able to achieve what has been a major advance in throughput of people, not just automobiles.

Mr. MINETA. Mr. Warren, you call for an increased percentage of funds to be dedicated to "off-system bridge repair and replacement." I'd like to ask why is this necessary?

Mr. WARREN. Based on the report of the Secretary of Transportation to the United States Congress, dated March 1989, I note on page 124 that there are a total of 130,000 bridges that have a lower than 50 sufficiency rating. Of that total 130,000 bridges, 102,000 of

them are categorized as off-system. The off-system, however, gets only 15–35 percent of the funds.

It would seem to me that the off-system proportions ought to be closer to the total percentage of off-system bridges which need to be replaced—80 percent of the bridges. I believe the increased funding ought to be more proportional to the ratio of bridges.

Mr. MINETA. But the thing is if they are off-system bridges, just as the Administration refers to highways of national significance, what would make these bridges of national significance? Why would there have to be Federal funding going to these kinds of off-system bridges?

Mr. WARREN. Basically, the local governments in this nation do not have the funding to pick up the exorbitant costs for a bridge.

Mr. MINETA. Let's say that we make it eligible and we also put a mandate in there for a bridge maintenance program?

Mr. WARREN. That's fair.

Mr. MINETA. Mr. Taylor.

Mr. TAYLOR. Mr. Chairman, thank you.

I have an eight-year-old son, he wants a land rover. I don't mean he wants me to have a land rover, he wants a land rover and I have to explain to him there's a lot of things that are never going to happen, and looking at some of your requests here, they get to be very difficult to see how.

I want to question one of the things where you're advocating greater consultation and participation by local governments, and I can sympathize with that because I believe in the old Jeffersonian axiom "that governs best that governs least," and it governs least if it's closer to home.

You ask about a State level commission consisting of the State association representative and the Governor and the municipal league representative and that they would review and approve the planned development by the State DOT. Do you mean you would give them veto power over your State Department of Transportation?

Mr. WARREN. I'm not so certain I'd go so far as the absolute veto but right now, we have a 12-year plan in Pennsylvania that we supposedly, as the County Commissioner, have some input into. It's merely coincidental if anything on the 12-year plan ever gets done in a 12-year period of time.

You can work your way up to four years and be back down the plan to 12. That's the type of thing that makes it intolerable for elected officials to have any semblance of order. When your son gets to be 16, he may be able to negotiate for the land rover, but he ought to know that there is a logical time that he's going to get there.

Mr. TAYLOR. I served in the State legislature and also not served in local government but deal very close in local government, but the local governments are a creature of the States politically and legally. Your existence depends on what happens in Harrisburg, I guess, isn't it?

Mr. WARREN. Correct.

Mr. TAYLOR. Is that not the better place to go for the type of advisory input that you're talking about here rather than Congress placing it inside transportation legislation or mandating it?

Mr. MINETA. Would my colleague yield on that point because it's going to be interesting to hear this. I know from my own perspective, I always felt that local government was a creature of State government but we get treated like illegitimate children and they don't hold up to parenthood. I know when I was Mayor, that's why we used to bypass the State and in the 1960s and early 1970s, came and made a Municipal/Federal relationship because we are creations of State government and yet after that, there was really no help that we were getting.

Now, I think States are getting better about it now because of the recognition of the Federal/State/Local relationship but I hope that it's improving. I see some aspects of it improving but I'd like to hear what your comments are now.

Mr. WARREN. Maybe that's one of those things that will start in California and work east because it isn't happening in Pennsylvania. I happen to be Vice Chairperson of the Station Association of County Commissioners also and I keep thinking a creature, a lot of times a creature is a bug that's going to get squashed and sometimes that's exactly the way I feel as a county commissioner with the State. The State is very quick to give more and more and more responsibility and somehow less and less funding.

I suspect that a lot of the funds that you may send out of Washington, by the time they get up to Harrisburg, don't get to the county commission. I'm not meaning to suggest that county commissioners are an end all and know everything. I don't suggest that at all.

All I'm suggesting is that the people who are responsible, who have the program last, deserve at least a look to as an active member of the family and as a participant. For example, if I had my way, we'd have a dedicated tax for mass transportation in Pennsylvania but that was frankly defeated because the State Legislature wouldn't give us locally the right to impose it should we choose. It's that kind of thinking that confounds the work of local elected officials.

Mr. TAYLOR. I can certainly sympathize with that. We've had that problem with local governments too and we solved it by changing the representatives so that the new group in the Capital gave a little more attention to the local governments.

I can sympathize with what you're saying. The proposal you have for replacing, to some extent, the Board of Transportation, with another layer with local government, might give you more attention at the particular time but it would seem it would be better to work at it from the State legislative side to improve those relationships between the State government and the county government. Yours is not the only State that has that problem by any means.

Mr. WARREN. I understand that and that's why we suggested having tried that, maybe we could try this other and again, it's not to supersede but it's to at least be an active part in this process.

Mr. TAYLOR. I don't want to disillusion you but Washington is not much kinder to local governments than the State is. We send you a lot of mandated programs and not much money to support them.

Mr. WARREN. I was your guest today so I wanted to be kind and blame it on Harrisburg.

Mr. TAYLOR. Thank you.

Mr. MINETA. That's why I think recognizing that we did pass the Clean Air Act and the Americans with Disabilities Act, those were mandated, we're trying to say, I think, in this new era that we recognize that as a mandate we want to do something to help you.

Mr. WARREN. SEPTA could speak to the disability program. That's going to be a major, major expense. SEPTA may not be around but if it is, it's going to be a major concern.

Ms. RICHARDS. That's one reason, Mr. Chairman, we're talking about having a major role for the metropolitan planning organizations because the Clean Air Act goes to those SMSAs, not to the State, so in order to manage our air quality in the Washington area, we've got to be able to make the decisions about those changes in our transportation system that lead us towards compliance.

Mr. MINETA. From that perspective, how do you feel about those proposals that say we ought to include air quality planning officials as part of the body to make the decisions as part of the planning process in these nonattainment areas?

Ms. RICHARDS. They certainly should be at the table in the metropolitan planning organization. It would be those nonattainment areas and the largest metropolitan planning organizations that would end up or should be designated to have the kind of responsibility that we think should be given. Where they can't meet the criteria, then the responsibility would be left just to the State.

Mr. MINETA. Very well. Let me thank again, all of you for taking the time from your own busy schedules to help us here at the subcommittee level as we try to fashion legislation. The Chairman of the Committee on Public Works and Transportation always says we really have the opportunity to be visionary. We don't want to just be renewing and reauthorizing a highway bill and we do want to be very much in a position to help the transportation planning process for the 1990s.

Again, thank you very, much.

[Mr. Warren's prepared statement appears on p. 2062.]

[Ms. Richards' prepared statement appears on p. 1991.]

Mr. MINETA. At this time, I'd like to call forward on behalf of the National Association of Governors' Highway Safety Representatives, William H. Leighty, Deputy Commissioner, Department of Motor Vehicles for the Commonwealth of Virginia and Mr. Robert L. Suthard, Secretary of Public Safety for the Commonwealth of Virginia and the Second Vice President of the International Association of Chiefs of Police.

Just last night, Mr. Suthard, I don't know if you had the opportunity to also be at the reception of the IACP over in the Capitol building, but your President of the International Association of Chiefs of Police, Commissioner Lee Brown, was an officer and a sergeant in our San Jose Police Department and in fact, during that time while he was on our police department, got his Ph.D. Of course, we have seen him then go from there to the University of Portland to set up their Department of Criminal Justice, to Atlanta, to Houston and now, of course, in New York City.

So I had an opportunity to visit with Lee just a very short time last night. It was just great to see him.

Mr. Leighty is before us and his statement will be made a part of the record and if you would give your abbreviated version, I'd appreciate it very much.

**TESTIMONY OF WILLIAM H. LEIGHTY, DEPUTY COMMISSIONER, DEPARTMENT OF MOTOR VEHICLES, COMMONWEALTH OF VIRGINIA AND HIGHWAY SAFETY REPRESENTATIVE, NATIONAL ASSOCIATION OF GOVERNORS; ROBERT L. SUTHARD, SECRETARY OF PUBLIC SAFETY, COMMONWEALTH OF VIRGINIA AND SECOND VICE PRESIDENT OF INTERNATIONAL ASSOCIATION OF CHIEFS OF POLICE**

Mr. LEIGHTY. Thank you, Mr. Chairman.

In the interest of time, I will just cover a few points that were covered in the written statement. Before turning to the written statement, I'd like to just say a few opening remarks. Much of the discussion this morning has dealt with the highways of national significance. I would like to talk just for a moment about what I consider one of the smaller programs in this particular bill that is of national significance to us.

The Section 402 program, which is known as the State and Community Highway Safety Grants Program, has been responsible for a remarkable decline in the number of highway deaths in the United States. In 1966, when this particular program was enacted, we were killing on average 5.2 people for every 100 million vehicle miles traveled. Last year, on a national level, we killed 2.2 people per 100 million vehicle miles traveled and that is the statistic that we use in the safety business to measure how well we're doing. The 402 program is responsible for much of that decline.

In my own State of Virginia in 1966, that death rate was 5.1 people killed for every 100 million miles and last year, I'm happy to report it was 1.7 deaths per 100 million. Over that 25-year period of the history of this particular program, the 402 program, Mr. Chairman, we saved a total of 20,503 lives in Virginia as a result of the increases in safety.

Mr. Chairman, the 402 program saves more than just lives. It saves countless injuries and disabilities and increases the quality of life for all of our citizens here in the United States.

Finally, one last point, Mr. Chairman, before reviewing my testimony. That is, you talked a great deal this morning about congestion in our urban areas. Just one thought that you might want to keep in mind the next time you're late for an event. On the Beltway, 62 percent of all of the traffic delays are accident-induced delays.

So when we talk about increasing the ability of our urban areas to move vehicles, safety should be a major component of that particular problem.

Mr. Chairman, I failed to introduce myself. I am the Deputy Commissioner of Motor Vehicles with the Commonwealth of Virginia and am testifying on behalf of the National Association of Governors' Highway Safety Representatives. I'd like to focus on just two areas that are covered by my written testimony.

First, I'd like to provide just a critique of the Administration's proposed bill and also cover some of the recommendations that our organization, NAGHSR, would like to make to the committee.

We are quite pleased with the Administration's desire to only make minor changes to the 402 program, to eliminate any earmarking provisions within the 402 program, which I think mirrors much of what you all have been discussing this morning, and also to provide a flexible bonus program for these particular funds—although we do not support the specific bonus program that has been proposed.

We are also pleased that the bill continues to maintain the requirement for an aged 21 drinking age and also requires each State have in place a safety management plan before being eligible for either these funds or for construction money.

We are both disappointed in and cannot support other provisions of the Administration's proposal, however. For example, the funding levels contained in the bill for safety are just inadequate. As for the reduction in the Federal share from 75 percent to 60 percent, we cannot find the rationale for that, and we are very, very disappointed that there has been no increase whatsoever for nonconstruction safety-related initiatives in the Administration bill.

We feel that on the whole, if you look at the funding levels for impaired driving that have been provided in the bill as proposed, that $25 million is not enough money for a national problem that results in over 50 percent of the highway deaths in the United States.

We are disappointed that the bill itself deemphasizes speed compliance by not requiring increased monitoring and reporting of speeds.

NAGHSR would recommend that there should be a substantial increase in funding for highway safety, both in NHTSA and the FHWA provisions of the 402 program. We believe that the Federal match should be maintained at 75 percent.

We would like to see three funding priorities established for highway safety programs. Those are the impaired driving priority, increased occupant protection, and increased speed enforcement provisions.

For programs other than those three priority areas, we would like to see flexibility so that States could utilize 402 funds if they document a specific problem within their State, provide documentation on what they intend to do, and then be allowed to utilize the funds for those particular provisions.

Mr. Chairman, we'd also recommend from NAGHSR's position that the traffic records programs that are contained within the 402 section be financed at a higher Federal match reflecting the higher priority and importance of uniformity of records management and traffic safety accident reporting.

We would like to see the impaired driving incentive programs combined, streamlined and targeted and would suggest that using a supplemental program for special alcohol-related countermeasures would be desirable.

We are encouraged and would also support an occupant protection incentive grant program and would encourage the committee

to continue requirements that States monitor for speed and collect speed reporting data, and provide that to the Federal Government.

In summary, I'd like to just say that it really is time to match the rhetoric about safety with the funding levels in this bill. I was most disappointed that the proposal when it first came out was touted as a safety bill, but in reality when you closely examine it, the increase in safety is not readily apparent.

Mr. Chairman, that ends my testimony.

Mr. MINETA. Thank you very much, Mr. Leighty.

Let me go ahead and have Mr. Suthard present his testimony.

Mr. SUTHARD. Mr. Chairman, thank you very much. I am Robert Suthard, Second Vice President of IACP and the Secretary of Public Safety for the State of Virginia.

I do appreciate your attending the reception last evening. I also would like to mention at the beginning that I have recently had communication with the head of the California Highway Patrol, Mr. Hannigan, and the remarks that I make are based on not only Lee Brown but reflect consensus and agreement with the highway patrol and State police people throughout the United States.

As you know, the International Association of Chiefs of Police have one major section which is composed of the State police and the highway patrol, and we provide continuous liaison with the Department of Transportation and the National Highway Traffic Safety Administration, hopefully in all matters that relate to highway safety.

In order to make my remarks very brief, I would appreciate it if the full text couid be entered into the official record of this hearing.

Mr. MINETA. It will be without objection.

Mr. SUTHARD. Thank you.

I would like to first point out a couple of things. I would like to praise the direction that we are moving in. First, we are continuing some of the innovative programs that have been very effective and very helpful in traffic safety across this nation. They involve the driving under the influence and the safety belt programs. They are ongoing in the 402 funding area; they are very essential to us and I want to express the appreciation of the State and Provincial Police and IACP for your continuing those programs.

Additionally, the 403 funding with the drug recognition program and the possibility of spreading this technology throughout the nation, is extremely helpful, I think, overall in America.

We are especially pleased with the concept of rewarding innovative programs rather than sanctioning those that have failed. This concept was recommended by law enforcement people throughout the country at a traffic safety summit that was held in Chicago last year. It was passed along to Secretary Skinner and I am very happy to see that it has been implemented in the reauthorization proposals.

As you know, we have always been against the use of sanctions because there are times when those States that are not able to comply with certain standards are the ones that need the funding the most. We are most appreciative of seeing those changes made.

We are very pleased with the new safety bonus program and we are pleased that it contains the alcohol traffic and safety, drunk

driving and incentive awards, and expands upon the concept of rewarding State action for improving highway safety laws and programs. Again, it is this kind of incentive that we think will save more lives.

We do have serious concerns, as previously expressed by Mr. Leighty, about speed enforcement. Speed enforcement ranks right up in the area with driving under the influence, safety belts and so forth, and speed enforcement seems to have been deemphasized. It is not considered in the point value in the bonus program at all.

There are ways to measure speed enforcement. Agencies can demonstrate their speed enforcement by submitting a plan for evaluation. Such items as the types of devices used, the types of innovative things that they have in their program such as enforcement vehicles, perhaps aerial surveillance, can all be looked at as to whether the speed enforcement is really applied at the location where the accidents are taking place.

I would hope that speed enforcement could remain a high priority and that it could be a part of the bonus program.

We do have some concerns in IACP about the threat of the larger triple trailers that are being considered on the highways of the nation. We feel that they could certainly affect highway safety and law enforcement. There is the added problem of when a traffic accident does occur, at the present time, it takes a long time to get it cleaned up, to get the traffic moving again, and to add one more trailer will just complicate the problem.

We do have some concern about the growth of our funds. Growth has been included in the Title 23 program, but we think it should be included in other programs. During the last 7 years, there seems to have been little or no growth. In fact, the authorized levels during the last several years have not been completely funded. Now this year, with a decrease in the authorized levels, certainly I would hope it would be fully funded because if it isn't, it will certainly have some adverse impact on the law enforcement community.

We also have some serious concerns about the Federal matching share being reduced to 60 percent. Mr. Chairman, I wish you would please take a look at that match and retain it at the present level.

We would like to encourage the reinstitution of the $20 million that had been earmarked previously for speed enforcement of 55 mile per hour roads, not necessarily for specific speed enforcement, but at least to earmark it for enforcement purposes. Enforcement, I think we all recognize, is a very important part of the overall program.

Mr. Chairman, in summary, in IACP we put a very high priority on trying to keep our highways as safe as we possibly can. In summary I will say to you, we really are pleased that you're moving to incentives rather than sanctions. We are very concerned about the lack of emphasis on enforcement, especially speed enforcement. We are concerned about the amount of funds, and the triple trailers, and we're very concerned about the matching funds.

I want to express my most sincere appreciation to you for taking a few minutes to hear us today. I wish you well, and thank you for your support in the past.

Thank you very much.

Mr. MINETA. Thank you very much, Mr. Suthard.

Mr. Leighty, in your statement you indicate that highway data collection, reporting, and analysis are currently inadequate, and you cite lack of uniformity in State reporting as one cause. What are the greatest problems facing the States in terms of collecting accurate data, and what the NAGHSR believe a data collection reporting and analysis system should consist of in order to provide comprehensive facts that are reported for purposes of addressing highway safety problems?

Mr. LEIGHTY. Mr. Chairman, we have a group called the "critical accident data reporting elements committee" that has been grappling with just that question for some time now. One of the problems we have deals with the uniformity of reporting data at the Federal level consistent with what NHTSA requires and what FHWA requires. The agencies are moving internally to come up with their own data element definitions and working with NAGHSR on that. We just have very different ways of collecting that data among the States and we need to set a baseline of what type of information we need to collect so that we can have common reporting and common ability to compare data. We often get requests for how effective programs are and you can't make those kinds of comparisons without good data.

Mr. MINETA. Is there a concern that you have about the collapsing of the 408 and 410 programs, having them as categorical programs as the Administration has suggested in their bill? They still retain the 402, as I recall.

Mr. LEIGHTY. I don't think we have a problem with collapsing the two together. We do endorse wholeheartedly the movement toward performance-based criteria rather than strict rules that govern adoption of a specific State law. A good example of that I think would be in the alcohol sections on impaired driving, the requirement that you do sobriety checkpoints. Both Oregon and Louisiana have constitutional provisions against doing random search and seizure, so either one of those States would be eligible for that one particular point.

We would encourage some sort of criteria but we need to have some flexibility within each State to meet that criteria. I think the common denominator would be judge states by performance not by what measures they have adopted.

Mr. MINETA. As I recall, the Mothers Against Drunk Driving are very concerned about the collapsing of the 408 and 410 programs, afraid that there may be "watering down" of the program if this were to stay in place.

Mr. LEIGHTY. Well, Mr. Chairman, I think our positions are very similar. What I'm saying is that we ought to have a base program that has a certain set of impaired driving criteria and then a supplemental program that requires and encourages strongly States to go further than what they are presently doing.

Mr. MINETA. So that the need for better accident reporting data has been noted by previous testimony as well as by GAO. Again, from your perspective, how might you think that collection system might be made more uniform and a better system?

Mr. SUTHARD. A national system is important because it seems like every time you go to gather and enter data, the requirements

and the guidelines in one jurisdiction are different than the other. So if you don't have uniform guidelines, the data that you have might show accidents much worse at one point than the other when that may not be the case. To gather accident data throughout the country, in order to have the funding applied where the need exists, you must have that uniformity; otherwise, it just doesn't work.

In recent years, we have tried to be more selective in our application of enforcement. We have tried to find out where the problem is and then apply the funds to get the problem corrected at that location. The same thing is somewhat true of seatbelt usage. Different people have different ways of measuring the percentage of people who are using their seatbelts. If you don't have the same criteria, then you don't know the extent of the problem.

So uniform data is significant, and I would hope that we can improve on it. I think it is worthwhile to give some attention to it. I would certainly recommend it.

Mr. MINETA. In terms of enforcing traffic laws, it is always a difficult and demanding job even when it comes to enforcing what you might consider more popular traffic laws, but it seems to me one of the big problems is this whole idea of achieving public acceptance for law enforcement efforts. Do you feel that we ought to be doing more in public information and education programs?

Mr. SUTHARD. Mr. Chairman, I really do. I think that the entire traffic safety program is dependent upon the public's support and convincing the public of why we do things the way we do. That has been so obvious over the years to me. I didn't mention it, but I started as a trooper in 1954, so I've been in law enforcement and have worked up through the ranks to the position that I'm in now. But when we had the fuel shortage a few years ago and when the speed limit was reduced and when the public believed that they were helping our national security and doing what was right for the country, fatalities went down tremendously. They were complying with the law because of two things, I think: one, they thought it was safer, two, it was good for our country. If we can provide the public with more information and let them know why we're doing things the way we do, I think we can get a lot accomplished without it costing us a tremendous amount of money. So I think public information is critically important.

Mr. MINETA. You think we ought to do that, Mr. Leighty, by reprogramming a certain amount of highway construction monies towards compliance and safety issues or are there other ways we might be able to get that additional sum to highway safety education and enforcement issues?

Mr. LEIGHTY. Yes, sir, Mr. Chairman, and I would suggest 2 percent of the total, if you want to throw a number on the table. But Mr. Chairman, the fact is we have to move as a society to more education and behavior modification programs if we're going to succeed in reducing the death rate much further. We've come a long way with engineering; we've come a long way with emergency response capability and improving our ability to bring an accident victim into the hospital. We need to educate and enforce the laws we have, continue the good engineering and trauma measures. We

have developed, but behavior modification before the accident occurs is the key to the future.

Mr. MINETA. I assume that both of you have real concerns about the match changing from the 75-25 to the 60–40.

Mr. LEIGHTY. Yes, sir.

Mr. MINETA. Thank you very much.

Mr. LEIGHTY. Thank you very much for the opportunity.

Mr. MINETA. Mr. Taylor.

Mr. TAYLOR. Mr. Leighty, your organization's position on the use of highway funding—or what is your organization's position on the use of highway funding sanctions as a method for forcing State compliance with Federal mandates? Could you give me a word or two on that.

Mr. LEIGHTY. By my count, Mr. Taylor, there were 14—and I heard this morning of 15—sanctions that States could possibly be sanctioned for. We strongly believe in incentives as the primary way of inducing States to action. The basic philosophy for our organization is to try to encourage state action. Even with the speed enforcement, we would rather see you encourage us to provide with the speed compliance and reporting measures rather than sanctioning us for failing to do so.

Mr. TAYLOR. Thank you.

Mr. Suthard, you mentioned a moment ago that you oppose the triple trailers. Could you give me a specific reason why you would oppose those on Interstates, what hazards you would see there on Interstate roads?

Mr. SUTHARD. Mr. Chairman, it would be difficult for me to give you a specific figure as to a percentage of accidents they might cause. I am concerned about the turning of them. Some of our most serious blockages occur as vehicles are going on or coming off of the Interstate system, especially if the weather is not too good. They can tilt over and just tie up the traffic for hours in an urban area.

I'm concerned abut the accidents occurring at those locations. I think the maneuverability and the stopping ability would be made more complex. The triple trailers—economically, of course, make sense—but when it comes to strictly safety, the discussions that we have had in IACP are that they are going to further complicate our efforts to be able to move the traffic smoothly.

Mr. TAYLOR. Thank you.

Mr. Chairman, I didn't mean to get into that too far. I have one other question of Mr. Suthard, but we'll be chasing that rabbit a little later and I wanted to get your point of view on it.

You indicated that the Motor Carrier Safety Assistant Program is working well. Would you favor increasing its scope to cover drug interdiction or weight enforcement?

Mr. SUTHARD. I would favor that.

Mr. TAYLOR. Thank you, Mr. Suthard. Thank you, Mr. Chairman.

Mr. MINETA. Mr. Leighty or Mr. Suthard, I forgot who mentioned the 62 percent figure about traffic delays being based because of accidents. Do either of you have any data on whether or not let's say, prepositioning tow trucks during the high traffic periods so that you could move right in and pull the vehicles off the road has been or can be helpful?

Mr. SUTHARD. There's no question it can be helpful, Mr. Chairman, to have a tow truck readily available. In the Washington, D.C. area, statistics have been used that if you hold up traffic for as much as a minute, it takes ten minutes to get it cleared out; which means that if the traffic is stopped for as much as ten minutes, it may take a hundred minutes to get the traffic back to its normal flow. So for every single minute you can save, it is tremendously helpful. The problems that exist are to be able to find the funding to have them stand by, and sometimes we have been able to commercially have them stand by because there are enough blockages that it is cost-effective for them to do it. But it is extremely helpful in certain areas. You can't do it all over the rural areas, of course.

Mr. MINETA. Also in your statement, Mr. Suthard, you mentioned a drug recognition expert program. I was wondering if you could just briefly expand on that statement you made.

Mr. SUTHARD. We have received Federal grants in which the police officers have received special extensive training as to how to identify a driver who is using drugs while they are operating a motor vehicle on the highway, and then how to test them. I believe that Mr. Leighty has overseen the project in Virginia and we had one of the very first projects that started in Virginia and has been very, very successful.

Mr. LEIGHTY. Mr. Chairman, it is a two-week course that we give special officers. It gives them the capability to do a psycho-physiological test that takes about 15 minutes. At the end of that test, if the officer believes that the individual is under the influence, he can order a blood test. We have a law in Virginia that allows them to order the blood test. We then send it to the lab which has some pretty good technology to fingerprint the drugs that are in the individual's system. In Virginia, we've trained 53 officers in 7 jurisdictions. They can tell you within seven categories what type of drug the individual is using generally after they complete the examination.

Mr. MINETA. Very well.

Mr. Taylor, go ahead.

Mr. TAYLOR. What if the individual refuses the blood test? What is your criterion for enforcing it?

Mr. SUTHARD. It is the same as driving under the influence. If they refuse the blood test, then they would be charged.

Mr. MINETA. Well, Mr. Leighty and Mr. Suthard, thank you very, very much for your testimony here today. We appreciate.

Mr. LEIGHTY. We appreciate the opportunity.

Mr. SUTHARD. Our pleasure, and thank you for your interest.

Mr. MINETA. Absolutely.

[Mr. Leighty's prepared statement appears on page 1871.]

[Mr. Suthard's prepared statement appears on page 2016.]

**TESTIMONY OF JACQUELINE GILLAN, DEPUTY EXECUTIVE DIRECTOR, ADVOCATES FOR HIGHWAY AND AUTO SAFETY, ACCOMPAINED BY GERALD DONALDSON, ASSISTANT DIRECTOR FOR HIGHWAY SAFETY; CHARLES DAWSON, PRESIDENT, AMERICAN TRAFFIC SAFETY SERVICES ASSOCIATION, ACCOMPANIED BY CAROLINE CARVER, DIRECTOR, GOVERNMENT RELATIONS; MILO KIRK, VICE PRESIDENT FOR CHAPTER AFFAIRS, MOTHERS AGAINST DRUNK DRIVING (M.A.D.D.), ACCOMPANIED BY THOMAS HOWARTH, VICE PRESIDENT, PEYSER ASSOCIATES, AND GOVERNMENTAL AFFAIRS OFFICER, M.A.D.D.**

Mr. MINETA. I would like to now call forward a panel made up of Ms. Jacqueline Gillan, deputy executive director of the Advocates for Highway and Auto Safety, accompanied by Doctor Gerald Donaldson, assistant director for highway safety; Mr. Charles Dawson, president of the American Traffic Safety Services Association, accompanied by Caroline Carver, director of Government Relations; and Milo Kirk, vice president for Chapter Affairs, Mothers Against Drunk Driving, accompanied by Mr. Thomas Howarth, vice president, Peyser Associates.

All of your testimony will be made a part of the record and if you would go ahead and abbreviate your testimony with an oral presentation.

Ms. Gillan, if you would proceed first in your own fashion.

Ms. GILLAN. Thank you, Chairman Mineta, and members of the subcommittee. I am Jacqueline Gillan, deputy director of Advocates for Highway and Auto Safety, a coalition of consumer, safety, and insurance organizations dedicated to promoting passage of highway and auto safety laws and policies to reduce death and injury on America's highways. I am accompanied this afternoon by Gerald Donaldson, assistant director of Highway Safety for Advocates.

I am also pleased to be on this panel with one of Advocates' member organizations, Mothers Against Drunk Drivers.

I am very grateful for the opportunity to testify on safety issues in the Surface Transportation Assistance Bill, and I thank you for your leadership in highlighting the importance of safety through this hearing. I will summarize my remarks and ask that the entire statement be inserted into the record.

I am here today because Advocates believes the reauthorization of Federal highway programs offers an unparalleled opportunity to be, as you stated, visionary with regard to safety. Motor vehicle crashes constitute a major public health dilemma and cost society more that $85 billion annually. Motor vehicle crashes are the number one cause of death of Americans under the age of 44.

Every single day, as many Americans die on our highways as U.S. servicemen and women were killed during the 45 days of Operation Desert Storm—120 per day, nearly 45,000 people per year. Additionally, nearly 5 million Americans are injured and 500,000 more are hospitalized each year in automobile crashes.

Although much progress has been made, more remains to be done through effective Federal, State, and local programs. The Surface Transportation Assistance Bill can lessen one burden now being shouldered by all Federal taxpayers; the health care costs associated with deaths and injuries which could have been avoided if

every State had safety belt and all-rider motorcycle helmet use laws.

Currently, 38 States and the District of Columbia now require safety belt use, 23 States and the District of Columbia have all-rider helmet laws. We believe California is about to adopt a helmet law. In fact, the California Assembly, if I might digress, has passed an all-rider helmet bill, this week the Senate Transportation Committee reported out an all-rider helmet bill, and Governor Wilson has indicated that he will sign such a bill into law. We're very pleased about that.

The American public overwhelmingly supports motorcycle helmet laws. In a recent Roper survey, 90 percent of the respondents said they supported such laws. We believe that all States should have these use laws, and the Administration also agrees. The goal of the National Highway Traffic Safety Administration is to have safety belt use laws and all-rider motorcycle helmet use laws in all 50 States by 1992. Yet, the Administration's proposed surface transportation bill is painfully silent on how this goal would be reached. Advocates urges this legislation include provisions, such as those in the National Highway Fatality and Injury Reduction Act, sponsored by Representative Jim Cooper and Senator John Chafee.

The Surface Transportation bill must also address the issue of speeding. It will take further Federal initiative to address the growing speed epidemic on our highways. Recent studies have shown a yearly increase of as many as 700 deaths as a result of States raising the speed limit to 65 miles per hour on rural Interstates.

Yet, under the current Federal highway program, safety-minded States that wish to remain at 55 are penalized for attempting to stem this speed epidemic and face constant pressure to increase their speed limits to 65. On the other hand, if a State has raised the speed limit to 65 miles an hour, it is not covered by the speed limit compliance rules on these roads and thus can sidestep sanctions.

This anomaly must be addressed in the reauthorization bill but not as suggested by the Administration, which simply eliminates compliance requirements for everyone. We believe a better approach is to create effective mechanisms encouraging the States to take speed limit enforcement seriously, whether it be 55 or 65 miles per hour.

In addition, if a State wishes to post or to continue to post a rural Interstate at 65 miles per hour, drivers of these roads should feel confident that the highway is as safe as it should be at that speed. The State should be required to upgrade the standards of their Interstate highways posted at 65 miles per hour. We have specific recommendations on how to achieve systematic safety improvements on our existing Interstate highways that will benefit all drivers on these roads.

While this is not a popular position to take, we feel that without strong Federal oversight of State enforcement programs, we will see an ever-increasing disregard for posted speed limits, resulting in more fatalities and injuries.

The Surface Transportation Assistance bill must also address the vital issue of commercial vehicle safety, an issue which affects all highway users. Since changes in Federal law in 1982, the Federal Highway Administration has repeatedly indicated its inability to control State size and weight practices, and we have already seen a steady upward trend in truck lengths and weights. About 35 States currently allow loads greater than the Federal limit of 80,000, and 20 of these States permit such loads to be carried in longer combination vehicles. These examples illustrate how the Federal stance sharply influences safety in every state.

If Congress adopts major program changes increasing flexibility for the States, it should not be at the expense of decreasing safety for the travelling public. Congress and the Federal Government can decrease the toll on our highways by providing leadership in the Surface Transportation bill through three methods: Increasing the role of safety in the traditional highway construction programs, reauthorizing and strengthening existing highway safety programs, and using Federal highway dollars to encourage State action on safety issues.

As we know, most of the monies in the surface transportation assistance program apportioned to State and local governments are used for construction, reconstruction, and rehabilitation of Federal-aid highways. Rarely has safety been a paramount consideration early in the planning process or throughout preliminary engineering and construction of roadways.

Congress should ensure that safety is a paramount consideration in the use of Federal assistance by requiring that States adopt plans for highway safety, highway work zone safety, the Interstate system, bridge, and pavement management. For example, as part of a comprehensive Highway Safety Management Program that Advocates proposes, the basic safety needs of all projects must be reviewed before Federal approval is given.

These comprehensive management programs are necessary to restrengthen the Federal stewardship of the highway program and guarantee that congressional objectives of safety, mobility, and cost-effectiveness are not remiss throughout the Federal-aid highway system.

Advocates is also convinced that special attention must be paid to highway work zone safety. More than 785 people were killed in work zones last year and we believe an intensive effort is necessary to reduce work zone fatalities and injuries. In addition, we recommend that Congress adopt a provision for an Interstate safety emphasis program, which requires States that adopt a 65 mile per hour speed limit to systematically upgrade those Interstates in order to reduce fatal and injury crashes.

Advocates also supports reauthorizing and strengthening the existing highway safety programs. The basic Federal highway safety programs, such as the 402 program, have been traditionally underfunded and have been poor stepchildren to other Federal highway programs. I would like to digress for a minute and say also that we believe that these programs should grow with the highway construction programs, and we would support a set aside of 2 percent to fund these programs.

Funding for the basic 402 program has not increased in the last six years. These programs should be reauthorized at increased funding levels and, at a minimum, should grow in concert with growth in the Federal highway construction and rehabilitation programs.

Advocates also supports the use of Federal highway dollars to encourage State action on safety issues. Advocates supports retention of sanctions for States that do not have a 21-year-old minimum drinking age. We feel that a provision similar to what the Administration proposed should be included in the Surface Transportation Assistance bill.

Advocates has many concerns in this legislation and would be happy to provide more details on our safety proposal.

As the committee develops its vision for the Surface Transportation Assistance bill, I hope it does not remain content with the status quo for highway safety. An investment now will reap social and economic benefits well into the next century.

We urge that our new highway system be a new highway safety system.

I would be happy to answer any questions that you have. Thank you very much.

Mr. MINETA. Thank you very much, Ms. Gillan.

Mr. Dawson.

Mr. DAWSON. Mr. Chairman and members of the subcommittee, I am Charles Dawson, national president of the American Traffic Safety Services Association, known at ATSSA. We are a national trade association in our 21st year representing over 850 companies. Much of the traffic safety equipment and services used on our highways are provided by ATSSA members. Public officials at all levels of government who are concerned with traffic control and highway safety are also members of our association.

Mr. Chairman, at this point I would like to request that my full text be entered into the minutes, and I will try to abbreviate this as much as possible.

Enhanced transportation safety has been mentioned by both the Administration and Members of Congress as one of the top national priorities. With this in mind, I would like to make some recommendations.

First, aging drivers. We all know that the numbers of older drivers are increasing. Currently, 12 percent of our drivers are older than 65 and that number will double over the next 30 years. We commend the States that have taken the lead in developing programs that will aid these drivers. These programs often include larger and better maintained signs, upgraded pavement markings which sometimes mean wider and more visible edge lines. These safety improvements not only enhance the safety and mobility of older drivers, but of all drivers.

Congress should direct the Secretary of Transportation to propose rulemaking that would establish revised visibility and legibility standards on all streets and highways for signs and markings that will accommodate all drivers, including the elderly and those with diminished visual capability.

Next, I would like to talk about work zone safety. Each year when we address this committee we report an increase in work

zone fatalities. Sadly, this year is no exception. There were 782 traffic fatalities and an estimated 28,000 disabling injuries in work zones in 1989. The latest work zone summary report from the Federal Highway Administration indicates deficiencies continue to exist in the areas of development, implementation, and the management of work zone traffic control plans. The report also indicates that a limited number of trained personnel is a problem. With this in mind, ATSSA endorses the recommendations from the Advocates for Highway and Auto Safety which call for a highway work zone safety program.

We specifically recommend that each highway department designate and require a contractor to designate for each project a person trained and certified who will have the responsibility for traffic control. To ensure enough funding is available for adequate traffic control, we recommend that 100 percent Federal funding should be made available to the States for traffic control.

Last week at the April 10th hearing on reauthorization of the highway act, this committee heard Congresswoman from Ohio, Marcy Kaptur, ask for Federal dollars for replacement of signage. She said funding is inadequate. And yet the Administration is proposing to cut an existing program that allows for 100 percent Federal funding for signing, pavement marking, and other safety improvements that have significant cost-benefit ratios in terms of lives saved for money spent.

Section 120(d) of Title 23 U.S. Code allows for 100 percent Federal funding for certain vital cost-effective safety improvements. These projects, even with the current 100 percent Federal funding, are bypassed for other types of highway work. If we cut this program and require a 25 percent or a 40 percent match, many of the more important safety projects are likely to be disregarded altogether.

Therefore, we would recommend that section 120(d) Title 23 U.S. Code be retained and amended to include traffic control devices in highway work zones among the other safety improvements available for 100 percent Federal funding.

I would like to briefly mention comprehensive safety management. The Federal Highway Administration reports that one of the top two improvements that have been used most effectively to reduce fatal and injury accidents at lower costs are traffic signs. In spite of this, replacement of signs and other safety improvements are not coordinated with regular construction programs. Safety is categorized into a narrow, low funded program and is often the last thing to be considered.

We would suggest that the next highway act should ensure that the States engage in safety construction work as part of their project requirements in performing 3R work.

I would like to now mention an area of safety that has been neglected and that we have not previously addressed at any of the congressional hearings. I am referring to the traffic safety on private property. Washington's own Doctor Gridlock refers to malls as "new downtowns." These new downtowns, as well as industrial parks, resorts, hospitals, colleges, private residential streets, and condominiums are not governed by established public standards of traffic control. As a result, signing and pavement markings are

often confusing or non-existent, and worse than that, these areas are dangerous. The National Safety Council reports that there were between 1,000 and 1,100 fatalities each year on non-public roadways.

We would recommend that Title 23 Section 109 and Section 402 of the U.S. Code be modified to require that standards for traffic control devices that are approved by the Secretary for Federal-aid highways and other public roads also be applicable for all roadways on private property open to public travel.

Finally, and I would be remiss if I didn't point out the tremendous human and economic costs caused annually by traffic accidents—45,000 fatalities and 3 million injuries each year. Many of these injuries are debilitating, requiring enormous attention and cost, and this places additional burdens on our already overtaxed health care and legal systems. Because of this, safety considerations must be an integral part of every aspect of the new Federal highway program. At a time when we're frantically searching for ways to reduce the skyrocketing costs of medical and legal care, a modest requirement that we improve safety on our Nation's highways could make a substantial contribution to this overall effort.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Dawson.

Ms. Kirk.

Ms. KIRK. Thank you. My name is Milo Kirk and I am here on behalf of Mothers Against Drunk Driving as vice president of Chapter Issues. Accompanying me today is Tom Howarth. Tom is in our Governmental Affairs Office here in Washington for M.A.D.D.

It is a pleasure to appear before the committee today to discuss drunk driving and the Federal Government's role in helping us rid our highways of drunk drivers. As a co-founder of the Dallas, Texas chapter of Mothers Against Drunk Driving almost ten years ago, I am pleased to note the longstanding commitment of this committee in combatting drunk driving.

I am going to abbreviate my remarks today in the interest of time and would request that our full text of our testimony be entered into the record.

To come before this committee is to come before old friends. Over the course of MADD's ten years as a grassroots advocacy organization combating drunk driving, the House Committee on Public Works and Transportation has been the venue for many of our most significant advances. The committee developed the NHTSA 408 Alcohol Incentive Grant program in 1982, known as the Howard-Barnes bill, named for the late chairman of this committee, Representative James Howard of New Jersey, who is sorely missed by those of us fighting drunk driving and promoting highway safety. In 1984, this committee led the way in the fight to raise the minimum drinking age nationwide to 21. With the support of this committee and Representative Glenn Anderson in 1988, the Drunk Driving Prevention Act, now known as the NHTSA 410 program, became law.

MADD has been proud of our association with these legislative victories for the victims of drunk driving, and we look forward to many further progresses this year as Congress extends and modi-

fies the highway safety provisions of the Surface Transportation Assistance Act.

My purpose in being here today is to urge the committee and this Congress to revise and extend the provisions of the NHTSA 408 and 410 anti-drunk driving incentive grant programs consolidating these programs into a single program devoted exclusively to combating drunk driving.

Let me also make clear that while MADD wishes to maintain an anti-drunk driving program which is authorized and appropriated as a discreet program, we will also support separate programs designed to advance an agenda for highway safety initiatives.

There will be those who would say that drunk driving is but one of the many problems on our Nation's highways and that now is the time for the adoption of a generic highway safety bill. While MADD recognizes that safety belt laws, motorcycle helmet statutes, and other measures are important, we would emphatically maintain that more than 22,000 Americans lost their lives last year in alcohol-related highway crashes. That's more than half of the total fatalities. This is no time to diminish the concentration on drunk driving as a national problem of tragic proportions.

In the early drafts of its modifications to these programs, the Bush Administration suggested the consolidation of 408 and 410 programs into one program. MADD thinks it was a suggestion well taken. We have learned a substantial amount since 1982 about what works and what does not work in combating drunk driving. MADD believes it is time to consolidate and streamline the two incentive grant programs in existing law in the interest of targeting our efforts on those countermeasures which have demonstrated the greatest ability to save lives.

MADD believes not all countermeasures are equal. While many may be useful, some are of more immediate importance than others. That is why we suggest a continuation of a feature found in Section 408 and 410—that is the separation of countermeasures into two tiers, a set of criteria which would qualify a State for basic grant and a set of supplemental criteria, which, once basic eligibility is achieved, would provide additional support for the adoption of additional countermeasures.

We would urge you to adopt a program which includes the following basic criteria: Administrative license revocation, a .08 BAC blood alcohol concentration per se definition for intoxication, the use of sobriety checkpoints, mandatory 48 hours incarceration for repeat offenders, and self-sufficient STOP-DUI-DWI programs.

MADD activists across the country have been working in State capitals urging adoption of administrative license revocation, designed to deliver swift and certain punishment to drunk drivers and safer roads for all. In 1988, the Insurance Institute for Highway Safety found a 9 percent decrease in nighttime fatal crashes in those States which adopted administrative revocation. NHTSA, in a separate study, confirmed the same. Administrative revocation is legally sound, it works, and it saves lives. MADD has been working with a coalition of insurance and auto safety groups convened by the National Transportation Safety Board and NHTSA dedicated to making advances on administrative revocation across the country. We are encouraged by results to date.

The major new item which we hope you will put on your agenda is the adoption of .08 BAC as the per se definition of intoxication in every State. California, so often the bellwether State, has adopted .08. Three other States have also moved to .08, and we believe on the basis of what we see around the country that .08 is the next major advance to be made in combating drunk driving across the country. Congress has set the intoxication level for pilots and commercial truck drivers at .04. There is ample scientific evidence that shows that impairment occurs as low as .02 BAC and virtually all drivers are impaired at .08. It is clearly time to move to .08 nationwide.

Mr. Chairman, MADD strongly favors the inclusion of .08 among basic grant criteria employed in any new incentive grant program. However, to avoid making States ineligible for grants while they revamp their BAC level, we would suggest that States be given two years to adopt .08 during which time they would qualify for a basic grant provided they met the other basic grant criteria.

In the aftermath of the Supreme Court's finding in 1990 that sobriety checkpoints were a constitutional means of deterring and apprehending drunk drivers, MADD favors a major push to have this very effective countermeasure employed by the States. MADD also continues to support the development of self-sufficient programs at the State level which provide ongoing support for STOP-DUI efforts.

MADD has been listening to many State highway safety representatives who argue that Federal programs are often too rigid and do not give enough credit for performance as opposed to the achievement of certain criteria devised in Washington. We think the States make a good point in this regard and are prepared to see performance rewarded. We would therefore suggest that any State which achieves a 5 percent average reduction in alcohol-related fatalities over the five year period prior to their application for an incentive grant be given credit for that performance and have one of the basic criteria waived. A State so characterized would therefore have to meet only four basic criteria, not five.

Once a State is eligible for a basic grant, we believe that the State should continue to show progress in order to remain eligible. We therefore suggest additional supplemental criteria; namely, mandatory BAC testing in the case of crashes which result in death or serious injury, prohibitions on open containers, and the confiscation of license plates of those who drive under a revoked or suspended license. For each supplemental criterion adopted, MADD suggests that the State receive an additional 5 percent of its 402 allocation.

MADD suggests that a State could be eligible for a five-year period if it achieved basic eligibility and adopted at least two supplemental criteria during its period of eligibility. Basic eligibility alone would be a maximum of three years. The intent here is to provide an incentive for States to maintain momentum.

Mr. Chairman, MADD would urge the committee to provide adequate funding for the effort to combat drunk driving which will send a signal to those States and to the general public that as a Nation we are serious about this effort. MADD would suggest a $25 million authorization for fiscal year 1992 for a consolidated 408 and

410 program, rising to $50 million in the fiscal year 1993, and $75 million in the fiscal year 1994. The source of funding for this program should be the Highway Trust Fund. The money should remain available until expended.

As noted earlier, we see no justification for lumping drunk driving in with a host of other highway safety initiatives. The concentrating on drunk driving under existing law in a separate and focused program is warranted by the facts facing us on our Nation's highways. Indeed, a Gallup poll currently underway for MADD shows that the public considers drinking and driving a far greater highway safety problem than poor highways or highway construction. This is no time to let down our guard on drunk driving.

We also see no justification for holding alcohol safety incentive grants constant at $25 million per year while construction related grants grow steadily over the five years. There are ample funds available for safety under the Federal Highway Administration program today. Why the Federal Highway Safety Administration needs to encroach on the resources of the much small NHTSA program has not been adequately justified.

Thank you for the time here today and for your attention and your support in the past. I will be glad to answer any questions.

Mr. MINETA. Thank you very much, Ms. Kirk.

I am going to leave for about fifteen minutes and Mr. Swett will assume the chair.

Mr. SWETT [assuming the Chair]. As I get myself into the flow of things here this afternoon, I will let my distinguished colleague carry on with the Republicans' point of view, and I will come in after he has concluded his questioning.

Mr. TAYLOR. Thank you, Mr. Chairman. I'll try to leave something on the table there for you. [Laughter.]

I certainly appreciate these comments and I share speaker Kirk's comments about the drunken driver. I worked with the State Legislature in North Carolina years ago with our first laws. How much progress do you think we can make with the .08 recommendation that your organization is talking about? Do you have any sort of estimates of how we might impact this 22,000 deaths per year?

Ms. KIRK. As I stated, we have four States currently that are the only States that do have a .08 BAC. The problem that we're finding and the reason that we're asking for .08 is honestly we believe that .08 should be the legal limit, but in fact we're having a hard time in many of the States even prosecuting a .10 or just over a 1.0. Basically we feel like incentives given to the States would help them pass these laws.

I know that I work diligently in the Texas legislature, where I'm from, and have since 1983. We have a bill pending and this is one reason why they are even considering it, is because of the problem that we have with prosecuting and the funding that could possibly be attached to it.

Mr. TAYLOR. Do you have any statistics that might lead you to make an educated as to the number of reductions from the 22,000 deaths we have now? Would it be a half or a quarter, or do you have any information to go on at all?

Ms. KIRK. I could check.

Ms. TAYLOR. I think it would be helpful to making the arguments in the future. It is not neccesary today, but it would be for those of us who are very much interested in your point of view here and your recommendations. I think that would be good.

Ms. KIRK. Okay.

Mr. TAYLOR. I had a question for Mr. Dawson. Your recommendation where you want to modify the standards for traffic control devices to make those standards apply to private roads as well as public travel—in other words, the same Federal signage and other devices and standards. Has your organization looked into that a great deal both from the legal standpoint, the environmental considerations, a number of other considerations that come to mind?

Mr. DAWSON. Yes, sir, we have. There are about as many different laws throughout this country as there are States as it relates to private property and control of traffic where the public is invited. I find it appalling that in parking lots and in off-public areas and private areas that over 1,000 people are killed each year. That's 2.5 percent of our total traffic deaths. Most of the time we don't have standard signs, we don't have any way of enforcing things, and we don't have the local ordinances that require people when they're building these centers to put in standard signs and standard traffic control devices. If we could get this, I'm sure that we could bring these accidents down and that we would provide a safer place for the public to be.

Mr. TAYLOR. Mr. Chairman, one other question. I was wondering if your organization has discussed it or had any sort of input from the people who push quite often sign ordinances as it has environmental impacts in private parks and recreational areas, and various other ways. They design the signs often for the particular area they're in and they don't always meet the Federal standards as far as size or shape or color. Would that have any real impact on those organizations or any flexibility there for those organizations?

Mr. DAWSON. Well, it is difficult to have something that's nonstandard because the eye isn't trained to see this. I've seen green stop signs that are only a foot square in resort areas and the architect thinks they look nice but he doesn't visualize two cars coming together when they're supposed to stop. We need to take a bigger look at this as we expand these areas and as these new downtowns are created, as our Mr. Gridlock in Washington refers to them.

Mr. TAYLOR. Thank you. Thank you, Mr. Chairman. I appreciate the comments that have been given.

Mr. SWETT. Thank you very much.

It is my understanding that we have our next panel coming up at 2:00, so I will try to be brief and I hope that you, in giving your answers, will likewise assist me in that endeavor.

I would like to start out by asking a general question to the entire panel—and I'll let you determine among yourselves who best can handle the answer. You state that there have been specific recommendations on how to achieve systematic safety improvements on Federal-aid highways to benefit motorists. Can you very briefly summarize what some of those safety improvements might be?

Mr. DONALDSON. I would be glad to respond to that, Mr. Swett. I am Gerald Donaldson from Advocates for Highway and Auto Safety. What we've basically had in our hands here since the early

1970s is an approach towards safety which has been a patchwork quilt of remedies, it has brought up the rear, it hasn't given us any systematic safety benefits at all. What we need is to have safety enter at the front door of the program and we need it integrated into the basic project planning and to the disbursement of Federal funds at the front end.

Safety has come in through the back door. It has come in belatedly, it has come in a very unpredictable manner. We have not gotten systematic safety built into our system. Indeed, despite the claims that our Interstate system is the most superior system in the world, there are very inconsistent safety qualities about that system, much less the conditions in our lower class system. We believe that highway safety programs have to be raised to a level of a management-intensive effort in which safety is programmed at the front end of all the basic reservicing, restoration, rehabilitation projects the Federal Government allows to be funded.

Mr. SWETT. Thank you. At this point in time, it has been brought to my attention that we need to move on to our next panel—not that it begins at 2:00, but I have been informed that it ends at 2:00. [Laughter.]

That doesn't leave us much time to accomplish what needs to be done. As you all realize, this is a forum at which testimony is given and questions are asked and answers given in order to be a part of the record in helping us to decide how to move on certain legislation. I appreciate your time and your thoughtfulness in this preparation.

Thank you very much for your time.

[Ms. Gillan's prepared statement appears on page 1644.]
[Mr. Dawson's prepared statement appears on page 1501.]
[Ms. Kirk's prepared statement appears on page 1752.]

Mr. SWETT. At this point I would like to call forward Ms. Joan Claybrook, co-chair for Citizens for Reliable and Safe Highways, acronym CRASH.

Thank you very much for joining us this afternoon. I apologize for the brevity of your panel. I look forward to your comments. Without further ado, I think it would be most appropriate if you launch right into your opening statement.

## TESTIMONY OF JOAN CLAYBROOK, CO-CHAIR, CITIZENS FOR RELIABLE AND SAFE HIGHWAYS [CRASH], ACCOMPANIED BY GERALD DONALDSON, CO-CHAIR, CRASH

Ms. CLAYBROOK. Thank you very much, Mr. Chairman. It is a good way to enforce the five minute rule to have to catch an airplane.

My name is Joan Claybrook. I am president of Public Citizen and co-chair of CRASH, Citizens for Reliable and Safe Highways. With me today is Gerald Donaldson, who has already been introduced, and is also a co-chair of CRASH.

First, I would like to just address the issue of the safety of longer combination vehicles, that is the twin 48s, the Rocky Mountain doubles and triples, weighing as much as 135,000 pounds and covering as much as 120 feet in length, the equivalent of a 10-story building.

Analysis of scientific literature from sources including the California Department of Transportation, the California Highway Patrol, the Transportation Research Centers at the Universities of Michigan, North Carolina, Pennsylvania State, and Texas, the Congressional Office of Technology Assessment, the Transportation Research Board, the Federal Highway Administration, and the National Transportation Safety Board show that longer combination vehicles, or LCVs, are unsafe for the following reasons:

One, their engineering—which for a triple includes 5 articulation joints making it possible to turn on corners and highway ramps—makes them inherently unstable, prone to sway, more likely to jackknife, overturn, and separate than a single trailer truck;

Two, by virtue of their size, weight, difficulty in accelerating, serious braking problems, and prolonged splash and spray, LCV's are incompatible with cars in traffic;

Three, as a result of their engineering, LCV's are involved in crashes that would not occur with a single trailer truck;

Four, multi-trailer trucks are disproportionately involved, or over-involved, in crashes compared to single trucks; and

Five, crashes involving LCV's will be more severe with higher probabilities of deaths and injuries.

What we are asking the committee to do in its reauthorization bill is four things.

First, we would like to have a provision which limits the cargo portion of multi-trailer trucks operating on the designated national network to 65 feet. This will serve to reduce road and bridge damage on our most heavily traveled highways. I know that I don't need to articulate for this committee that 15.9 percent of the bridges on the Interstate are already classified as functionally obsolete or structurally deficient by the Federal Highway Administration.

The issue is not whether we can afford these repairs, that is an issue that already has been raised for the committee's consideration. The issue in my view is can we take the chance of subjecting our highways to heavier abuse and costlier deterioration from LCV's, as well as the question of safety, all in the name of productivity. And that is the rationale that has been used by the trucking industry to encourage nationwide use of these larger trucks.

The obvious question at this point is why do we need a Federal length limit when we already have the 80,000 pound gross vehicle 20,000 pound single axle, and 34,000 pound tandem axle weight limits for the Interstate? Well, the answer is that 19 States already permit these unsafe LCV's on their Interstates and other Federal-aid highways. LCV proponents are lobbying State-by-State to allow them in every State in the Nation. The National Governors Association, I should point out, agrees with us that there should be uniformity in allowable truck sizes and weights, which is what we are attempting here to achieve.

With regard to the weight issue, which is our second point, we have to talk about the grandfather provisions in Section 127 of Title 23. The problem is with the 1982 amendments to this law, which allow the trucking industry to engineering a massive loophole in the Federal truck weight law, essentially sideswiping the

80,000 pound gross vehicle weight limit on Interstate highways. There is chaos on the highway as a result.

The Federal Government has been shackled, it has been removed from exercising any authority to decide whether a legitimate claim for grandfather rights exists. As a result, we have the fox in the chicken coop—the States claim they have a grandfather right and then they decided that they have a grandfather right; they are judge and jury together as well as advocate.

So we believe that we have to go back to 1982. There are as many as 34 States which now claim some kind of grandfather rights. Prior to 1982, 20 States made such a claim and those claims were reviewed by FHWA. But the fact is, no one has been keeping track of grandfather claims in the meantime because since 1982, the Federal Highway Administration has essentially been removed from any involvement.

Additionally, I should point out that the permits that are issued by the States for heavier weights are supposed to only be for not easily-divisible loads. But if you look at the reports, you will find that they are indeed being issued for divisible loads. Since 1982, the number of these permits have increased dramatically.

Therefore we are asking to amendment Section 127 to put the Federal Highway Administration back in control.

Our third issue concerns data and information. This is a clear issue of importance because there are now conflicting claims about current data and what is safe and what is unsafe.

The specific problem we have is that there is an absence of accurate data on the type of vehicle configuration and on vehicle miles travelled for these longer combination vehicles. The truckers have claimed that these vehicles are safe. What they have done in making such claims is taken data from a number of sources, poured them into a cauldron and extracted a witch's brew of confused conclusions.

We would like to suggest that the existing studies which have been done, whether by the University of Michigan the Transportation Research Institute, or a number of different States, show that in fact this is simply not true. Right now, these longer combination vehicles have been operated on very limited basis. While there are 20 LCV States, only 9 of the States have them in any kind of general use. Even then, they are in local use, not traveling across the country. In addition they travel under the best of conditions, that is in the daytime, when there is good weather, with the best drivers, and the most care.

Obviously, under such circumstances, you would probably have fewer safety problems with LCV's. Nevertheless, we still see from the data in the studies that have been done on multi-trailer trucks, more jackknifing, more roll-overs, and disproportionately more accident involvements of these particular vehicles. There is a new study that has just come out from the Oregon Public Utilities Commission which highlights the real problems with these vehicles in a State where they have been operated for some years.

What we need is an accurate and uniform national truck safety monitoring system so that we have accurate data for future decisionmaking both in the Congress and the Federal Highway Administration.

Finally, we are asking the Congress to improve the Motor Carrier Safety Assistance Program (MCSAP), which has been such a great success story. Under MCSAP inspections, some 30 percent of the inspected vehicles have been ordered out of service. Similarly, some State random inspections conducted in California, Michigan, Washington, and Wisconsin have produced out-of-service orders for more than 25 percent of the nationally inspected trucks.

Here, what we're asking is to establish uniformity in vehicle inspections. Now the States are doing it with the support of the Federal Government. There should be more uniformity—uniformity in minimum fines for safety violations and enforcement of out-of-service orders.

That is a very fast review, Mr. Chairman, of the issues that we believe are essential. I know that this is a controversial series of proposals.

We have made them because we believe that safety on the highways is not an option. The truckers have suggested a State option for use of these larger vehicles. We do not believe that there ought to be an option on safety.

Thank you very much.

Mr. SWETT. Thank you very much. I am going to yield my time. I know that you're on a very tight schedule. I might ask my good friend and colleague from New York if he has any quick questions that you might be able to field. During those questions, in deference to the true Chairman of this subcommittee, I will relinquish the Chair back to its rightful owner. Thank you very much for your patience and indulgence.

Let my distinguished colleague ask his questions at this time. Thank you.

Mr. BOEHLERT. Thank you very much, Mr. Chairman.

You've given us a lot to digest; I'm beginning the process here and now. Part of the problem with the LCVs— I'm trying to distinguish where perception and reality are distinct. Do you have any empirical data in terms of losses of lives or accidents directly related to LCVs?

Ms. CLAYBROOK. Yes. There are documented at least 18 fatalities over the last 10 years, even with their very limited usage. One of the real issues here is that the traffic reports do not show the number of trailers that are on multiple trailer vehicles in many cases, and so the accuracy is subject to some question. However, I should add that in the analyses done by several States as well as the University of Michigan, the longer combination vehicles—the longer doubles and the triples—have been shown to be more dangerous. We would be glad to submit for the record all the details of that. My written testimony spells out in some detail the Oregon Public Utilities Commission study which also makes such a finding.

Mr. BOEHLERT. All right. Thank you very much. I am trying to get an idea on the dimensions of the battle. Any indication as to how much the opposition is spending to keep what it has? Can you give us some feel for what your group is spending to change what you'd like changed?

Ms. CLAYBROOK. Our budget is about $1.5 million for the year. I don't know what the truckers are spending, but I would love for

you to ask them that question and have them answer it on the record.

Mr. DONALDSON. We know that their budget is far greater than $1.5 million.

Ms. CLAYBROOK. Right. Their budget is about $30 or $40 million a year; something of that nature.

Mr. BOEHLERT. Thank you very much. I'll have some additional questions at a later time, but I know you are on a time constraint. Thank you.

Ms. CLAYBROOK. Thank you very much.

Mr. MINETA. Let me quickly ask. In your testimony you propose that the Federal Highway Administration be given the authority to determine State's claims to grandfather rights under Section 127. In your research, have you been able to determine which States would meet the requirements of Section 127?

Ms. CLAYBROOK. Do you mean which states would convene to meet the requirements if section 127 was amended?

Mr. MINETA. If it, in fact, has grandfather rights at the present time.

Ms. CLAYBROOK. That's a very interesting question, Mr. Chairman, because the Federal Highway Administration has not been involved in this issue since 1982 as the primary enforcer of the law. As a result, there is a lot of confusion about what the State grandfather claims are. As of 1982, it is our understanding that 20 States had made such claims. Now, as of this date, as many as 34 States have some kind of claim. The problem is what does that claim mean? Is it based on a statute; does it stem from a regulation; is it derived from an ordinance; or is it based simply on a state practice? There are very few claims that are based either in statute or regulation, which are clear and easy to understand. So I believe that it would be a great service if the committee would request that the Government Accounting Office or the Federal Highway Administration, actually collect this information so that it was clear.

We did talk to the Federal Highway Administration and we specifically asked them the question you are asking. They indicated their lack of information and knowledge here.

Mr. MINETA. But in order to do this, we would then have to repeal the Symms amendment; is that correct?

Ms. CLAYBROOK. That is correct. It is important to point out, Mr. Chairman, that while there are 20 States that allow some use of LCVs, by-and-large it is a very limited number of miles that these vehicles travel. In fact, the American Trucking Association has acknowledged the very small number of miles travelled by LCVs. Only about 9 States permit any kind of general use, and again mostly local in their States.

If we went back to the Symms amendment, the economic impact would be, we believe, quite modest. When you compare that to the safety cost if LCVs were allowed to operate nationwide—which is going to be the eventual alternative result—we feel that clearly safety should be the priority, and the economic impact of prohibiting LCV operations is going to be quite modest.

It is important to point out that there is a split in the trucking industry itself it is the very large trucking companies who want to

operate these very large vehicles, while many truckers are opposed to LCVs because their operation would be an economic disadvantage for the smaller carriers. Not only of course is there a split in the truckers, but the Teamsters do not want larger vehicles allowed on the highway, also opposing LCVs are the medical profession, the insurance industry, the railroads, and many others. So there is a real balance on our side of the issue, I think, including public opinion—with 85 percent of those surveyed favoring reducing the size of vehicles on the highway.

We believe that this is a very modest proposal that we are making. It is important that it be included in this year's highway bill because if truck size and weight is not grappled with and dealt with now, then the next time this legislation comes up in several years, it is going to be much more difficult to resolve. So that's the reason we have urged the committee to deal with truck size and weight in this year's bill.

Mr. MINETA. But you refer to it as a modest effort but does it not roll it back to pre-1982, in which there were in 1954, what, there were what 3 States——

Ms. CLAYBROOK. In 1956, there were 3 States; and as of 1982, there were 20 States, that's correct. But I emphasize that the usage of these longer combination vehicles is fairly modest at this time in terms of mileage.

Mr. MINETA. Right. And so the thing to do is to— Would the repeal of the Symms amendment then just take it back to the seven then, or whatever States——

Ms. CLAYBROOK. It would probably go back to 1982, which covered 20 States.

Mr. MINETA. Twenty States.

Ms. CLAYBROOK. Right. And it would be enforced by the Federal Highway Administration. I think it is important to say that really the Federal Highway Administration would be the decisionmaker here and not us. They would have to evaluate these grandfather claims and look at the law and determine what would be permissible

Mr. DONALDSON. Mr. Chairman, I would like to put an appendix on Joan's remarks.

Mr. MINETA. If I could just interrupt for just a minute. Since you have to leave, Ms. Claybrook, feel free to go ahead and leave and Doctor Donaldson I'm quite sure could stay.

Ms. CLAYBROOK. Thank you very much, Mr. Chairman. I really appreciate your consideration. We will submit some additional information for the record to supplement our testimony, if that's permissible.

Mr. MINETA. That's fine. Thank you very, very much.

Ms. CLAYBROOK. Thank you so much.

Mr. MINETA. Doctor Donaldson, go ahead.

Mr. DONALDSON. I just wanted to emphasize, Mr. Chairman, that in a display of refreshing candor, the Federal Highway Administration itself has spoken very loudly and clearly as well as repetitively in its annual reports concerning its attempts to enforce the law under Section 127. In fact, I have in front of me the March 1990 report. With your permission, I would like to read a few sentences

about how they regard the truncation of their stewardship over the enforcement of truck size and weight under Section 127. It says:

> Since the Federal-aid Highway Act of 1956 was passed, FHWA's ability to protect the Nation's multi-billion dollar investment in its highways and bridges has been compromised by permissive legislation regarding vehicle weights. By competing interests of our highway and transportation industries and by various court decisions.
>
> The States are liberalizing their weight regulations through new interpretations of their grandfather rights, particularly with respect to the issuance of multiple trip permits for divisible loads that exceed statutory weight limits. This trend is likely to continue inasmuch as recent court decisions have upheld State authority in this area. . . . The Nation's present system of vehicle weight laws, State and Federal, for several States results in heavier trucks being compelled to use highways with pavements built to standards lower than those for Interstate pavement.

So I think the issue here, Mr. Chairman, is that we have an agency which is being about as candid as it could possibly be about the fact that it has been cut off at the hips in its ability to not only protect and advance public safety, but to also protect the public investment that we've already made in these roads, streets, and bridges.

Mr. MINETA. One of the things, as I understand from the testimony, is that your organization is calling for the limitation of the cargo portion of multi-trailer trucks to be limited to 65 feet.

Mr. DONALDSON. Yes.

Mr. MINETA. Is this not the first time that we would be getting into the business of limiting length rather than weight, as we had in the past, either axle weight, total weight. I guess to the only designation we've had in length is I believe is distance between wheels, or something of that nature? So this would be the first time we'd be getting into a limitation in terms of 65 feet?

Mr. DONALDSON. What it consists of in a simple form, is that we're basically asking for what was established as the minimum in a 1982 STAA as being a cap, a maximum, or a lid on size. You are correct, it would be the first time we are getting into a size cap. But I think the important thing to accentuate here, Mr. Chairman, is that Congress increasingly since 1956 has tried to impose a stronger and stronger regime on both public safety and the protection of our pavements and bridges. While we did finally raise the width limit, and the axle and gross vehicle weight limits of trucks, we also mandated compliance with bridge formula to protect the integrity of our bridges.

Simply, the proposal we have here in our hands is the forgotten parameter. What Congress did is simply address width, address axle and gross vehicle weight, and address the condition of our bridges through the bridge formula. However, there has been an oversight in not putting a maximum limit on the length of trucks. Our proposal is the necessary correction so we now have the proper intersection of all these components or parameters—weight, length, width, axle weight, gross vehicle weight—so that we can control both the consequences for public safety and road and bridge damage.

Mr. MINETA. This would eliminate everything but the twin 28s. Has there been any study in terms of what the cost of that would be or the increased cost let's say in terms of transportation if that were to be the case?

Mr. DONALDSON. It depends on whose studies you read, Mr. Chairman; and there are strongly competing studies. I know the one that is always going to be cited, particularly by the trucking industry is going to be Transportation Research Board's study. I will just simply say in a very facile manner, we have very, very serious misgivings about that study. I will also say that the Transportation Research Board has very serious misgivings about the way that particular study has been used and even exploited by the trucking industry.

For our own part, we believe that the cost of prohibiting the use of these trucks in terms of controlling highway deaths unfortunately, what we have to measure is the quantified or economic cost of lives lost and additional injuries—is going to more than offset anything that we might lose in terms of supposed economic efficiencies from LCV operations.

Mr. MINETA. Fine. Thank you very much.

Mr. Taylor.

Mr. TAYLOR. I'll follow-up, Mr. Chairman, on what you're asking. What would you envision—in following up on what the Chairman was asking—to be the practical affect? Would you envision a phase-out of existing equipment? What would be your thoughts?

Mr. DONALDSON. I don't think so Mr. Taylor, because there is no difference in equipment. What we essentially have is existing tractors out there which are capable of pulling any kind of rig as long as it has at least the minimum amount of horsepower to weight ratio.

The trailers that are going to make up LCVs—Rocky Mountain doubles, Turnpike doubles or triples—are all existing trailers which can be used in smaller combinations, or even as single semi-trailer trucks. So there is no phase-out of equipment at all. We are simply saying that instead of a triple truck with three units trailing behind a tractor, you can only have two; and instead of having double 48s behind a single tractor, you can only have a single 48-foot trailer.

Mr. TAYLOR. Mr. Chairman, I apologize, I was out with a constituent for a moment there. I was wondering, are you talking about recommendations that were made on the limitations of 65 feet and so forth? Were you thinking in terms of any limitations on single tailer units or all just on doubles?

Mr. DONALDSON. No, we have no limitation whatever. As you might be aware, Mr. Taylor, in fact the 48 foot minimum single trailer size set in the 1982 Act has been substantially exceeded. An overwhelming majority of States now recognize at least a 53 foot single trailer as being the industry standard; and indeed, some States have significantly higher limits than that. We have no single trailer size cap proposal at all.

Mr. TAYLOR. Thank you. Thank you, Mr. Chairman.

Mr. MINETA. Doctor Donaldson, thank you very much for your presentation here at this subcommittee. Thank you very much.

[Ms. Claybrook's prepared statement appears on page 1334.]

Mr. MINETA. At this time I would like to call forward Robert Desjardins, Executive Vice President, Cianbro Corporation, Pittsfield, Maine, and Chairman of the Highway Division of the Associated General Contractors; and J.C. Lanford, president, Adams Con-

struction Company, and chairman of the American Transportation and Road Builders Association, accompanied by Doctor T. Peter Ruane, president and CEO, of ARTBA.

Mr. Desjardins, your testimony will be made a part of the record. So if you would go ahead and make your abbreviated presentation, I'd appreciate it very much.

**TESTIMONY OF ROBERT DESJARDINS, EXECUTIVE VICE PRESIDENT, CIANBRO CORP., PITTSFIELD, ME, AND CHAIRMAN, HIGHWAY DIVISION, ASSOCIATED GENERAL CONTRACTORS OF AMERICA [AGC]; J.C. LANFORD, PRESIDENT, ADAMS CONSTRUCTION CO., AND CHAIRMAN, AMERICAN TRANSPORTATION AND ROAD BUILDERS ASSOCIATION [ARTBA], ACCOMPANIED BY DR. T. PETER RUANE, PRESIDENT AND CEO, ARTBA; BERTRAND WILSON, VICE PRESIDENT, BARRIERE CONSTRUCTION CO., REPRESENTING THE ASSOCIATED BUILDERS & CONTRACTORS, INC.; AND LOUIS J. COLETTI, PRESIDENT AND CEO, NEW YORK BUILDING CONGRESS**

Mr. DESJARDINS. Thank you and good afternoon, Mr. Chairman and members of the subcommittee. I am Robert Desjardins, a contractor from Pittsfield, Maine. I am also this year's Highway Division Chairman of the Associated General Contractors of America. AGC is a national trade association of more than 33,000 firms, including 8,000 of America's leading general contracting firms.

AGC appreciates the opportunity to express its views on issues facing the Nation in surface transportation. AGC believes this Nation must increase investment in its surface transportation infrastructure to provide the foundation for continued economic prosperity and international competitiveness.

AGC is also concerned that this country is in a recession and that steps must be taken immediately to stimulate the Nation's economy and to create jobs.

The harsh realities of the recession in the construction industry are dramatically demonstrated by the United States and the State-by-State Economic Fact Sheets which are included with the written testimony. These fact sheets show that the construction industry lost 498,000 jobs in the 10 month period from May of 1990 to March of 1991, and that construction unemployment rose from 13 percent in February of 1990 to over 21 percent in February of 1991.

Clearly, there is a critical problem that needs to be addressed. AGC believes that reauthorization of the Nation's surface transportation programs can play a significant role in bringing the Nation out of the recession and provide the long term framework to promote needed investment in our Nation's transportation infrastructure.

With the Nation in a recession, AGC believes the economic benefits of infrastructure investment are particularly worthy of note. Unlike many Government expenditures, infrastructure spending is an investment which has short and long term benefits.

The short term benefits of infrastructure investment are increased construction employment and the ripple effect of induced economic activity in other industries that follows. The U.S. Department of Commerce estimates that each additional $1 billion spent

on new construction creates 46,800 jobs in construction, supply, and service industries. A $25 billion highway program sustains nearly 1.2 million jobs. Each $1 spent on new construction in the United States generates $3.62 in economic activity across all industries and services. A $25 billion highway program generates over $90 billion in economic activity throughout the country.

These statistics show that at a time when construction industry unemployment looms at over 21 percent, increased spending for the Nation's surface transportation programs couldn't be more critical.

As the 102nd Congress gets underway, we applaud this subcommittee for scheduling these hearings and getting on with the important task of reauthorizing the Nation's highway and mass transit programs. AGC is also very encouraged that President Bush and Transportation Secretary Skinner have placed transportation as a top priority of the Administration's domestic agenda.

We commend you, Mr. Chairman, and the leadership of the House Public Works and Transportation Committee for taking the initiative earlier this year to propose an aggressive five-year $153 billion budgetary framework for the future funding of our Nation's surface transportation programs.

AGC believes the committee's budget request is on the right track to improve and expand the efficiency of our Nation's highways and bridges and make a substantial Federal commitment towards addressing documented annual highway capital needs at all levels of government of $58.5 billion. It can also make a critical difference in the state of the U.S. economy now and in the future.

Therefore, at our recent convention, AGC unanimously adopted a convention resolution in support of the House Public Works Committee's budget proposal. AGC supports congressional efforts to increase funding for the Nation's highway program through spending down the Trust Fund balance, increasing highway user fees, and elimination of the tax exemption for gasohol. The committee can count on our continued support and cooperation as you develop the details of the committee's reauthorization proposal.

Included in AGC's statement for the record are a number of recommendations which we offer to the subcommittee for its consideration in development of the legislation. These recommendations include:

One, that user fee Trust Fund concepts must be retained for a successful future program;

Two, AGC strongly urges the Congress to reject any further proposal to increase the gasoline tax for deficit reduction or non-transportation spending;

Three, AGC is concerned by the provisions in the Administration bill which would provide State and local governments the flexibility to transfer funding between highway and transit programs. AGC continues to believe that revenues placed in the highway account of the Trust Fund must be expended solely for highway improvements. Current revenues are insufficient to meet documented highway needs. Allowing the transfer of funds to mass transit projects further exacerbates an already critical funding problem; and

Four, AGC urges the Congress to sunset the current DBE program which results in the denial of subcontracts to many individ-

uals because of their race, gender, or national origin. Instead, the Congress should explore means of promoting the participation of disadvantaged business enterprises in the Federal-aid highway programs that will not be subject to constitutional challenge.

Additional recommendations are included in our written testimony.

In closing, AGC acknowledges that the Congress faces a tremendous challenge in balancing interest in the future legislation and stands ready to work with the Congress as it develops solutions to the Nation's transportation infrastructure crisis.

Again, thank you for the opportunity of appearing before the subcommittee today. I would be pleased to answer any questions you might have.

Mr. MINETA. Thank you very much.

I apologize for—and I see Mr. Bertrand Wilson, but I didn't call up Louis J. Coletti, president and CEO, New York Building Congress. Is Mr. Coletti present? I apologize for not calling you as part of this panel, Mr. Coletti. Mr. Bertrand Wilson is here. He is vice president of Barriere Construction Company and a member of the Associated Builders and Contractors.

Mr. Lanford, your statement will be made a part of the record. If you would go ahead and make your oral abbreviated presentation, we'd be pleased to hear it.

Mr. LANFORD. Mr. Chairman and members of the subcommittee, I am Jack Lanford, the 1991 chairman of the American Road and Transportation Builders Association. I am also a highway contractor from Roanoke, Virginia. With me today is ARTBA president Pete Ruane.

Mr. Chairman, ARTBA commends you and the chairman of the full committee for the strong leadership you have shown in calling for a five cents per gallon increase in the Federal motor fuels excise tax to fund needed highway and bridge capital improvements. We agree that a motor fuels user fee increase is needed. We respectfully suggest, however, that at a minimum an increase of ten cents per gallon will be required to fully meet the Nation's surface transportation requirements.

As the members of this subcommittee are aware, ARTBA has forcefully advocated the need for a substantial increase in the Federal motor fuels excise tax for the past two years. We have made our case before Congress and have taken our message to the print and electronic media. In a nutshell, we are making an all-out effort to bring home the fact that the repair and improvements of our Nation's roads and bridges is a legitimate and pressing objective; an objective that we believe, as you do, should be a high national priority.

Mr. Chairman, I know the time is short so I will highlight our main areas of concern and our principal recommendations. A detailed statement has been submitted for the subcommittee's consideration and I ask that it be made a part of the hearing record.

The Federal-aid highway program must be greatly expanded if we are to remain competitive in what is increasingly a global marketplace. It is important to realize that deficiencies in our surface transportation system result in higher costs to producers of goods

and providers of services. These higher costs put U.S. firms at a competitive disadvantage.

The U.S. Department of Transportation, in its most recent report to Congress, stated that a sustained $40 billion per year program is needed to bring the roads and bridges that constitute the Federal-aid highway system up to minimum conditions of engineering standards. I emphasize that a sustained $40 billion annual funding level, which represents both Federal and State monies, would not result in a perfect "gold-plated" highway system. It would, however, meet existing and anticipated deficiencies through the year 2005. A $40 billion annual program would go far toward fixing the bridges in the Federal-aid highway system, many of which are in deplorable condition. As the chart at my right shows, fully 16 percent of the Nation's interstate highway bridges are deficient according to the DOT. A $40 billion program would also provide funds for the repair of the Nation's roads, 40 percent of which, according to the U.S. DOT, are in imminent need of repair.

Mr. Chairman, as the chart now before you shows, 38.8 percent of the Nation's rural interstates and 40.1 percent of the urban interstate highways are in need of repair. The conditions get even worse as we move to other less prominent categories, as evidenced by the fact that almost 70 percent of urban collectors require substantial work.

As you know, every two years the U.S. DOT is required to submit to Congress a full report on the conditions and performance of the Federal-aid highway system. The conditions just described are from the Department's 1989 report. We have reason to believe that the Department's new report, due this year, will show a further deterioration of the system over the past two years. In fact, we would urge you, Mr. Chairman, to request that the Secretary of Transportation submit this important report, which we understand is virtually complete, to the Congress quickly so that it might be used as a source document for your deliberations on the reauthorization and funding of this important program.

Mr. Chairman, ARTBA believes that a $40 billion per year Federal highway program is needed and that it can be achieved, as shown by the next chart. The current program is about $16.5 billion. As you add to that an annual spend-down of the Highway Trust Fund balance at $3 billion per year, a dedicated of the diverted 2.5 cents user fee the Highway Trust Fund—another $2.5 billion, by eliminating the gasohol subsidy of $1 billion, the 10 cent Federal user fee increase would bring $10 billion, and the State matching funds at a 20 percent average would be $7 billion, that combination would give you a program of totalling $40 billion.

The enactment of a surface transportation bill prior to the September 30, 1991 expiration date of the current program is of vital importance. A break in the continuity of the highway program will result in delays, confusion, and uncertainty in the States, as well as leave hardship on thousands of small businesses that comprise the transportation construction industry.

ARTBA recommends a reauthorization period of five years. Some consideration has been given to a two year bill so that a longer authorization could be developed after the initial impact of the budget agreement is known. We believe that a far better approach

is to lock-in the parameters of the program now for the next five years.

We also recommend dedication to the Highway Trust Fund of the 2.5 cents-per-gallon Federal fuel tax that now goes into the General Treasury. Such action would restore the concept that the gasoline and diesel excises are user charges applied only to transportation programs. Equally important, this action would increase the funds available for highway improvements. ARTBA also recommends that the entire five cents-per-gallon motor fuels tax increase approved in 1990 be made permanent and that proceeds be made available for immediate obligation.

The scope of the surface transportation program must be increased without delay to tackle urban congestion and to accelerate the preservation and modernization of our highway network. This is possible if the recommendations made by ARTBA are included in the reauthorization bill.

Mr. Chairman, it is no accident that these bottom-line proposals of ARTBA deal almost exclusively with funding. Structural and operational refinements could be made in the program, but without a substantial commitment of additional funds, our highways and bridges will continue to deteriorate at the expense of improved mobility, economic expansion, job creation, safety, and pollution reduction.

On the issue of program improvements, ARTBA supports the concept of a national highway system which maintains our investment in the interstate system and the key portions of the primary system.

In addition, ARTBA members are strongly committed to safety. We agree with the Administration requirement for spending 10 percent of apportioned construction funds on safety construction work but suggest that the existing safety construction categories of hazard elimination and rail-highway crossings be retained. A poll conducted by Penn and Schoen Associates for ARTBA demonstrates a strong willingness by the American public to pay for road, bridge, and safety improvements.

Mr. Chairman, two years ago when ARTBA first publicly advocated an increase in the Federal highway user fees to finance an expanded Federal highway program, many people questioned our judgment, perhaps because they did not believe an excise increase was politically correct. Mr. Chairman, we will pursue what we know is right for the Nation with vigor and let the chips fall where they may. We have complete confidence in our position and the merits of our arguments.

At our 1990 convention you told us that when the time was right for increased Federal highway user fees, you would help lead the charge. You are a man of your word. Again, we commend you for your leadership. I pledge to you, to Chairman Roe, to Speaker Foley, and the other leaders, both Democratic and Republican, in the Congress, that ARTBA will continue to devote all of its available resources in the coming months toward helping you accomplish this mission of an expanded Federal-aid highway program.

Mr. Chairman and members of the subcommittee, this concludes my remarks. I would like to thank you for the opportunity to present ARTBA's views on the reauthorization of the Federal Sur-

face Transportation Program. I would be glad to answer questions that you or members of the committee may have.

Mr. MINETA. Thank you very much, Mr. Lanford.

Let me now call on Mr. Bertrand Wilson, representing the Associated Builders and Contractors.

Mr. WILSON. Good afternoon, Mr. Chairman and subcommittee members. My name is Bert Wilson and I am vice president of Barriere Construction Company, an asphalt paving contractor located in New Orleans, Louisiana. On behalf of the Associated Builders and Contractors, a national trade association representing over 17,500 merit shop contractors and subcontractors, I appreciate this opportunity to comment on reauthorization of the Nation's surface transportation programs.

I come before you today as the end of the reauthorization debate nears to respond to the Administration's legislative proposal and to encourage, with less than six months remaining until the September 30 deadline, a timely reauthorization.

There are two fundamental issues we believe Congress must focus on during reauthorization—program structure and funding. Acknowledging the current fiscal situation and political climate, it is now more important than ever to have a long-term, integrated transportation plan and allocate Federal funds accordingly.

ABC supports the basic program structure of H.R. 1351 which recognizes financial constraints and seeks a unified approach. The five-year plan will allow for coordinated planning and the continuity necessary to meet our transportation needs of the future. ABC supports a strong Federal commitment to the National Highway System and believes the two-tiered approach, focusing more Federal resources on these roads of national significance, will ensure safe and reliable transportation for our national defense and interstate commerce needs.

Conversely, States will focus on internal transportation issues such as congestion relief, rural access, and intermodal links. The increased flexibility of the Urban and Rural Program empowers States to choose how they will improve their condition. The capability of States to prioritize their transportation demands and allocate funding as needed is a basic necessity for transportation efficiency in the future.

The increased emphasis placed on planning in H.R. 1351 and the reliance on Metropolitan Planning Organizations will be invaluable in properly coordinating needs and planning for the future, and will facilitate and integrate a fluid travel system.

ABC applauds the Administration's increased emphasis on innovation and technology. It is the investment of the future.

Where the Administration's bill falls short, unfortunately, is in addressing one of the major problems inherent in the future stability and credibility of the program—financing. Until the Highway Trust Fund is made permanent and taken off budget, the program will not be honest or whole.

ABC opposes the current practice of holding money in the Trust Fund to mask the size of the Federal deficit. While ABC supports deficit reduction, we believe it can and should be achieved through spending restraints in a manner which is equitable to all—not by

diverting dedicated trust fund revenues or by raising the gas tax for non-transportation related purposes.

We applaud this committee's attempt to recover the 2.5 cents diverted to the general fund and to achieve a spend down in the trust fund. The gas tax increase diverted to the general fund last year during budget reconciliation must be returned to the Highway Trust Fund. A direct taking of this nature is the ultimate insult to highway users and dramatically undermines the program.

Recognizing budget agreement constraints, ABC supports a total overall funding level of $23 billion each year for the duration of the reauthorization bill. While H.R. 1351 falls short of this goal, the bill has several positive financial features.

We applaud the Administration for proposing to raise the Davis-Bacon threshold to $250,000. However, we continue to support a minimum Davis-Bacon threshold on Federal construction projects of $1 million. With immediate needs for highway and bridge construction and repair far outstripping the supply of available funds, reform of the Davis-Bacon statute can provide additional dollars to fund our infrastructure needs.

Considering the country's shrinking capital base, innovative financing techniques and funding mechanisms are essential. These efforts bring the experience, business savvy, and financial strength of the private sector to government entities for the benefit of all.

The Administration's bill continues the Disadvantaged Business Enterprise Program whereby 10 percent of Federal-aid highway safety and mass transit program funds are to be awarded to DBE contractors. This stringent 10 percent DBE requirement fails to recognize the need for flexibility and cooperation which we believe Congress had originally intended in its minority provision.

Rather than pursuing set-asides, ABC believes training and mentor programs will enable disadvantaged businesses to compete and win contracts on merit. ABC focuses a large portion of its financial, membership, and staff resources on the issue of craft and supervisory training. We have recently begun a major effort funded by nine of the Nation's largest open shop contractors to develop standardized craft training to more efficiently and effectively train and upgrade the construction workforce. We have long recognized that if the United States is to foster expanded opportunities for all its citizens and maintain its competitiveness, hundreds of thousands of additional highly skilled workers are needed. Training is the best solution.

H.R. 1351 allows a percentage of funds apportioned to the States to be available for highway construction training and funds administration of disadvantaged business proficiency programs. We believe this is a step in the right direction. Taxpayer dollars should be invested in training to help disadvantaged firms and their employees become more skilled at both the craft and the management levels. Training is an investment in the future, better equipping DBE firms with the skills necessary to successfully compete in the absence of preferential treatment.

We believe the case for tightening the DBE program is even greater because of this increased assistance, and would encourage the inclusion of safeguards such as a sunset provision, size restrictions for eligibility, or limits on the number of contracts a DBE can

obtain. These safeguards will ensure the program does not perpetuate the firms DBE status.

ABC adamantly opposes the use of Federal highway funding sanctions to force State compliance with safety or environmental goals. We believe our infrastructure needs are far too immense to be used to penalize States for inaction and, in turn, support the Administration's safety bonus program which rewards States for achieving highway safety goals. We feel this is a more positive approach and will encourage States to act swiftly to meet their highway safety goals.

Finally, H.R. 1351 recognizes the current wetlands dilemma and establishes eligibility of Federal funds to create wetland banks or contribute to State-wide programs which create, conserve, or enhance wetland areas. While this bill is not the vehicle for change, we will urge the Water Resources Subcommittee to consider the effects of wetlands regulations on transportation.

We are at a critical juncture in the history of our Nation and the history of our Nation's transportation system. If we do not act now to rebuild our Nation's foundation, America cannot expect to remain competitive in an increasingly global economy. We need a bill signed by the President before September 30.

On behalf of the Associated Builders and Contractors, I again want to thank Chairman Mineta and the Subcommittee on Surface Transportation for the opportunity to be here today. I will be happy to try to answer any questions you have.

Mr. MINETA. Thank you very much, Mr. Wilson.

Next, we have Mr. Louis J. Coletti, president and CEO, New York Building Congress.

Mr. Coletti.

Mr. COLETTI. Thank you very much, Mr. Chairman, and members of the subcommittee. My name is Louis Coletti. I am the president and chief executive officer of the New York Building Congress. We are the only private sector association in New York City which represents every segment of the design, building, and construction industries, including organized labor. I appreciate the opportunity to give our perspective on this legislation.

I know that there are probably some people in this room who are wondering why someone who has among its membership the General Contractors Association of New York City, which represents the highway contractors and the organized labor who perform the work, why we would come to Washington to argue the case for more Federal dollars for New York's subways and commuter rail.

I really didn't wander off to the wrong hearing. I am here because I represent a wide constituency, all the elements of which agree that urban mass transit must be at the top of our agenda. They advocate a continuing, vigorous Federal commitment throughout the 1990s for the benefit of the people of New York and the future economic health of our Nation. Consequently, they view the Administration's National Transportation Strategy as a dangerous threat both in the near-and long-term.

We recognize that we will not get our members out of the slump by building more roads and skyscrapers. There is simply no place to put them. Nor could more asphalt and concrete extricate the motoring public from a pervasive congestion that begins in the sub-

urbs and the outer boroughs of New York and spills into Manhattan's central business district every single day, clogging our streets and fouling our air.

For residents of the metropolitan New York region surface transportation means rail lines and bus lines. The "E" train is to us what Interstate 80 is to Pennsylvania or Iowa.

President Bush, in his address to a Joint Session of Congress last month, urged quick action on his transportation plan, saying that, "If our forces could win the ground war in 100 hours, then surely the Congress can pass this legislation in 100 days."

Like all Americans, I want the President to have a successful next 100 days and I want that for New York City, too. I don't want, however, the kind of 100 days Napoleon was remembered for. You'll recall, he rallied the troops, grabbed a few headlines, then lost crushingly at Waterloo, finally ending up imprisoned on a forbidding, storm-lashed island.

New York will become such a desolate place if we lose America's next ground war—the fight for surface transportation, transportation consistent with each region's pressing needs, apportioned in an equitable manner.

The Administration's plan at the moment is disturbingly short on equity. After the devastating cutbacks borne by its public transit throughout the 1980s, New York needs to be made whole again. Instead, what we find here is a profoundly unjust funding formula that would eviscerate our system. In awarding aid based on fuel consumption, the new proposal would punish us for being an energy-efficient city.

I opened my newspaper one day last month and was shocked to find that Los Angeles, the city of angels and freeways, and Miami, each with more miles of road than we have, are slated to receive more aid than we will. Senator Moynihan has noted that in a few years time, Interstate 95 between Fort Lauderdale and Miami will have to be 44 lanes wide to prevent that stretch from experiencing near-continuous traffic delays. Reading this proposal, I asked myself if that isn't what the Department of Transportation has in mind. Maybe, against all logic, the idea is to somehow build our way out of congestion.

Then to pile injury upon injury, all of New York's Federal operating funds are to be eliminated and we no longer touch the general revenue for our capital expenses. True, we can completely draw down the mass transit account of the Highway Trust Fund but that will be gone by fiscal year 1998.

In that event, we will have to tap into the general fund again or the New York subway and bus systems, Metro-North service to Westchester and Connecticut and Long Island service will either disappear or be priced at a level only the wealthy could afford. And the shame of it is that the Metropolitan Transit Authority has been making great progress which, if allowed to continue, would make it an excellent feeder system for an overhauled, rejuvenated Penn Station serving the entire Northeast corridor.

New York must have the ability to keep our Nation globally competitive. By comparison to a number of our foreign trading partners, all of whom invest far more heavily in public transportation, America's transportation infrastructure is woefully inad-

equate and we are paying the price. It is estimated that $73 billion is wasted on traffic jams each year—$73 billion in lost productivity, lost wages, and excess fuel consumed.

The New York Building Congress has been in the forefront of the recent successful effort to urge both Governor Cuomo and Governor Florio to accept the Port Authority of New York- New Jersey's toll increase on its Hudson River crossings. We took this position, not only to boost economic growth in the two States, but also to help the Authority upgrade the Port of New York's capacity as a hub of international trade. When you consider that unified Germany possesses not one but two port facilities superior to ours—Hamburg and Bremen—you begin to have some idea of the distance we must travel to meet the challenge of an economy integrated Europe or Japan.

While New York in the last quarter century has added a grand total of five miles of new rail service, Tokyo, already in first place in public transportation, will add 300 miles of new rail and trolley routes to its transportation network in the next 10 years.

Make no mistake, for America to remain competitive, New York must also remain competitive. If New York loses its place as the capital of world business, the baton will pass on not to Houston or Atlanta, but to Frankfurt or Tokyo.

I hope everyone understands by now that as a Nation we will all prosper or fail together. When countless Americans in other parts of our country saw their dreams disintegrate through the chicanery of venal savings and loan operators the Federal Government did not say, "Sorry everybody in Texas, you there in the sunbelt, you had it pretty good through the 1980s. Now, we will forget about you and let you take your losses, no matter how it affects you and your children." Instead, Congress and the President recognized that the victims needed relief and they dipped into the Treasury—if "dipped" is the right word for a bailout now at $500 billion and rising—and the taxpayers of the Northeast kicked in, too.

Our Nation's transportation infrastructure is just as important as our savings and loan infrastructure or our banking infrastructure. It should not be shortchanged.

New York's share of that transportation infrastructure is approximately 40 percent, for 40 percent of the mass transit used in the United States is used in the New York City area. One other statistic: 85 percent of all central business district commuters in New York use mass transit.

With the suburbs having become the location for most of our regions's employment growth, ensuring mobility for the reverse-commuter is increasingly a problem.

Over the years the State of New York has made a large contribution to the City's transit, contributing annually $1.4 billion to both the capital and operating budgets. That figure represents nearly half the entire Federal mass transit program, but now with Albany in its own financial difficulties, New York cannot rely on that revenue source as it once did.

Washington should be increasing its support of mass transit. Instead, it sends contradictory signals. On the one hand, New York City is required to comply with the 1990 Clean Air Act, which mandates greater costs for pollution control and, lest one forget, im-

poses penalties for non-compliance which can result in Federal dollars being denied to a community. On the other hand, it withdraws support for maintaining the one system that reliably reduces exhaust emissions. Since it takes 10 lanes on roads into Manhattan to equal the carrying capacity for just one track lane on the Long Island Railroad or Metro North, does the Department of Transportation's highway-tilted formula make sense for a city on the move that would like to breathe, too?

There is precious little breathing occurring on the Brooklyn-Queens Expressway. A recent study placed the cost of congestion to truckers there at $34 million annually for just one 12-mile long highway. A major shipping service estimates that New York's trucking expenses to be 30 percent above the national average.

Last August after Iraq invaded Kuwait, the President called on Americans to conserve energy. What better way to do so than to expand mass transit?

Yet the President and his advisors have presented to Congress a program that, with its higher matching ratios for funding highways, would almost certainly, as incoming MTA chairman Peter Stangl has said, "tempt" State and local officials to choose roads over subways. I urge you to help them resist temptation by restoring balance to the funding formula and restoring our operating funds. The New York Building Congress would also ask that within the limits of the budget enforcement act you provide funding levels that would give the Metropolitan Transit Authority, over time, the wherewithal to continue meetings its capital needs.

As it would appear likely in the wake of the Gulf war that the United States may enjoy even lower prices for imported oil, this could be a propitious time for an increase in the Federal gas tax, perhaps, as the MTA has already suggested to this subcommittee, on the order of one cent for every two on average that the real price falls.

That kind of commitment to urban mass transit would go a long way toward guaranteeing that the Nation's largest metropolitan region has a transportation system second to none, able to serve its own residents and the Nation at large.

Thank you very much.

Mr. MINETA. Thank you very much Mr. Coletti.

Let me ask of the panel, as you are aware, under the great leadership of our chairman, Chairman Roe, the Committee on Public Works and Transportation submitted to the budget committee its views and estimates which supported increasing funding levels for surface transportation programs by attempting to recover the 2.5 cents going into the general fund for deficit reduction, spending the increase and interest, and drawing down the Highway Trust Fund.

As all of you have indicated, in order to address our transportation needs, additional revenues are necessary. I am wondering if I could ask of each of you what kind of support would there be among your organizations for an increase in motor fuels taxes that are dedicated solely to transportation purposes and, I might add, that make it mandatory spending like an entitlement program so that we don't get caught as we did in the budget summit agreement this last year. If we do get an commitment for additional gas-

oline taxes, my condition is that it be made a mandatory spending program.

Mr. LANFORD. ARTBA would fully support a major motor fuels tax increase, Mr. Chairman. It is our position exactly as I have enunciated in my prepared statement. We cannot meet our highway needs without more revenue. While five cents is a start, more is needed if this Nation is to have a highway system that meets our economic and mobility requirements. ARTBA strongly supports at least a ten cent-per-gallon increase in Federal motor fuel user taxes.

Mr. DESJARDINS. And AGC would also fully support it, Mr. Chairman.

Mr. COLETTI. Mr. Chairman, our organization would also support it but we would also like to see that the requirement for spending that money be balanced between highway and mass transit use.

Mr. MINETA. I take it you would have some concern with the split that is exhibited in the Administration's bill between highways and transit.

Mr. COLETTI. That is correct, Mr. Chairman.

Mr. MINETA. Since enactment of the Surface Transportation Assistance Act of 1982, the Congress has authorized the Disadvantaged Business Program, which requires that not less than 10 percent of the funds authorized be expended with small business concerns owned and controlled by socially and economically disadvantaged individuals. Could you explain to the committee how the construction industry has been able to successfully achieve the 10 percent goal.

Mr. DESJARDINS. Mr. Chairman, I would like to start on that one. Looking at statistics, it would appear that the program has been successful, but, unfortunately, it forces me, as a general contractor, to turn my back on a very highly qualified subcontractor who quite often has the lowest price only because he is a white male, and it forces me to turn to someone that qualifies as a DBE even though their price may be higher and to go that route in order to meet the goal.

I guess you could say, in addition to that, contractors tend to be quite innovative, and we have found innovative means of meeting the goals.

Mr. MINETA. Anybody else wish to respond?

Mr. WILSON. Yes, sir, I would.

Mr. MINETA. Mr. Wilson.

Mr. WILSON. ABC believes in training, training, training. We don't support set-asides or programs which specify the financial status or the social background of contractors. We experience the same things that Mr. Desjardins commented about, we quite often cannot use the lowest bid in order to achieve the goal.

Mr. TAYLOR. Mr. Chairman.

Mr. MINETA. Mr. Taylor.

Mr. TAYLOR. On that same point, would you allow the members to comment on the "mentor program" that you mentioned a moment ago as how you might envision a program that would work and might be the alternative to the 10 percent set-aside.

Mr. WILSON. ABC has a number of programs that have been put into different chapters. They center on middle management, upper

management, as well as craft training. The programs that they use are trying to create good contractors, good contractors who understand the industry and the business.

Mr. TAYLOR. And then, sir, how would you envision that there would be no preference program for them at all, it is just that they would be competing. You would train them in all facets of contracting, including bidding and so forth?

Mr. WILSON. Yes, sir. We do train people in all facets of the construction business. We would support a program where trainees would work their way up.

Mr. TAYLOR. Has that been tried anywhere, Mr. Chairman, if I may ask? Is anyone trying it? Any companies trying it? Anyone doing it as an experiment?

Mr. LANFORD. The State of Virginia has a mentor protege program similar to what is being discussed.

Mr. TAYLOR. How is it working; do we have any idea?

Mr. LANFORD. It is in the beginning stages, but it appears to have promise.

Mr. COLETTI. Mr. Chairman, if I may also respond to that question. The Port Authority of New York and New Jersey embarked upon a program last year in cooperation with educational institutions on how to run small businesses; it really gives them some business backgrounds. There is going to be a major announcement, I understand, in the next several weeks, so I feel a little uncomfortable in going into the details, but you may want to contact the Port Authority. It has been an extremely successful program.

Mr. TAYLOR. Thank you. Mr. Chairman. I will have some other questions, but thank you for yielding.

Mr. DESJARDINS. Mr. Chairman, I might add that I believe our association, although it hasn't addressed it, would support some type of mentor programs or perhaps affirmative action programs such as you have in relation to employment of minorities; anything to help these people to get away from these percentage goals that we're forced to meet.

Mr. MINETA. Does Cianbro, as an example, have a mentor program?

Mr. DESJARDINS. Unfortunately, most States limit what we can do to assist our DBE subcontractors. I think that's unfortunate. They restrict us from what we can do to help them by providing supervision, and to what equipment we can allow them to use. Where we can do that with other subcontractors, we're prevented from doing that with DBE subcontractors. So, in some respects, our hands are tied as to what we can do to help these people. We help them all we can.

Mr. MINETA. Could you explain that to me. You say you can't do certain things with DBE contractors that you can do with others?

Mr. DESJARDINS. That's correct.

Mr. MINETA. As an example, what?

Mr. DESJARDINS. Some States do not allow us to rent them, if you will, construction equipment that we own. They force a DBE to go out and get that equipment elsewhere. Also, we're prevented from——

Mr. MINETA. Whereas a non-DBE contractor, you would be able to lease them the equipment?

Mr. DESJARDINS. Absolutely. Absolutely.

Mr. MINETA. What's the rationale there?

Mr. DESJARDINS. I think it is a concern with staying away from what might be called sham DBE subcontractors. They want to make sure that the general is not assisting someone who is not qualified in doing the work themselves.

Mr. MINETA. In a way, though, I wonder if I'm not hearing, you know, I don't like the program, do away with it. On the other hand, I can't participate or there are other State laws that keep me from participating in the program. It seems to me that you are trying to get it both ways.

Mr. DESJARDINS. I don't believe these are State laws. These are State DOT regulations that prevent us from doing the things that we would like to do to help these firms along and we're prevented from doing that by State DOT regulations.

Mr. MINETA. Then how do you advocate for a program and then at the same time count them as participation in your programs?

Mr. DESJARDINS. I guess what I am supporting is a loosening of these restrictions and getting into more of a mentor program, assisting these people along and requiring some type of affirmative effort in that regard in lieu of percentage DBE goals.

Mr. WILSON. Mr. Chairman, an example in Louisiana of the same type of thing that he's describing, concerns a DBE firm on a State highway project. If they were to be a subcontractor for hauling on a project, they are only allowed to hire one truck for every truck that they own themselves. Whereas another subcontractor that might provide hauling for a contract of mine would be able to hire and get trucks as best he could to fulfill project requirements.

Mr. MINETA. The Administration has proposed greater private sector participation in transportation development. Are the private sector initiatives, such as financing of toll facilities and providing transit services, as proposed in the Administration's bill, sufficient incentives to encourage private sector involvement in transportation programs?

Doctor Ruane.

Mr. RUANE. Yes, Mr. Chairman, we do support the provisions in the Administration's proposal dealing with greater private sector involvement to include the commingling of funds up to 35 percent. We also believe, however, that there should be greater incentives and we're taking a hard look at this right now. For developers and the financial community to come in, perhaps some changes to the tax code would be a greater stimulant. The bonding market needs to be looked at. We intend to have some very specific suggestions for this committee in the course of your looking at the legislation over the next few months.

Mr. DESJARDINS. Mr. Chairman, I would add that AGC would not want these additional funds to replace Federal funding. But I think these things are good in that they would provide, we would hope, additional funds to rebuild this country's infrastructure.

Mr. MINETA. Mr. Taylor?

Mr. TAYLOR. Thank you, Mr. Chairman.

Let me say at the beginning there are a number of us here who are concerned about the draconian programs that have very legitimate purposes in their creation for minorities but over years of use

are not providing the benefits for minorities that we would like to see. There are many of us who would welcome improvements in those programs—mentor programs, or what other programs put forward—if they genuinely carry out the goals that were envisioned when those minority programs were created. In other words, we don't want sham programs, we don't want programs that aren't tough, that are just going to be substituted for purposes of getting away from the original minority programs. But there are many of us on this committee, in banking with CRA, and other areas, if we can find less costly, more beneficial programs, programs that carry out the objectives that we first intended, a lot of us would welcome that. So I would urge you to pursue that and perhaps keep records and work to see if we can't come up with a better way. I wanted to say that, Mr. Chairman, because I think it is something that spreads across the area. If we can improve and give minorities better opportunities by revising these programs, that's a goal worth going after.

With the statistics that you presented, Mr. Desjardins, regarding the high percentages of commuting freight, personal travel being done on highways, what is your view of making significant highway dollars eligible for the transit projects?

Mr. DESJARDINS. We're opposed to allowing the States to transfer funds from the highway fund to mass transit. We feel that those decisions are better made here at the Federal level and by Congress. I might point out, the transferring highway funds to mass transit needs would further impact the serious need we have today in rebuilding our country's highways. There are balances in both the highway account and mass transit account that should be spent first before any funds are transferred to the mass transit account.

Mr. TAYLOR. If I may, I want to say that the material you presented, by the way, I think is excellent. It gives us very succinct and statistically presented information. I appreciate your doing that. I plan to spend more time going into it in detail.

Mr. DESJARDINS. Thank you.

Mr. COLETTI. Mr. Chairman, if I may respond to the same question. We would support more funding used for mass transit. I think different regions of our country have different needs. I think to not transfer that ability to many of the urban areas across our country could potentially wreak economic havoc. If you live in the New York-New Jersey metropolitan region, no matter what time you get up in the morning, you simply cannot get to work if you are driving. We are going to have to rely more and more on mass transit, and we think it is an excellent idea.

Mr. TAYLOR. Thank you, Mr. Chairman.

Mr. DESJARDINS. Mr. Chairman, could I have one more word on that subject. We believe that the users of the systems should pay for the cost of that system. We have nothing against spending money on mass transit, but our feeling is that the users of the mass transit system should pay for the cost of that system, as the highway user is paying through his gas tax for the highway system.

Mr. MINETA. Mr. Anderson.

Mr. ANDERSON. No questions, Mr. Chairman.

Mr. MINETA. Mr. Nichols.

Mr. NICHOLS. No questions at this time.

Mr. MINETA. Mr. Clinger.

Mr. CLINGER. No, thank you, Mr. Chairman.

Mr. MINETA. Well, let me thank the panel very much for taking time from their own busy schedules to be here. We appreciate your testimony. Thank you very much.

[Mr. Desjardins' prepared statement appears on page 1521.]

[Mr. Lanford's prepared statement appears on page 1780.]

[Mr. Wilson's prepared statement appears on page 2081.]

[Mr. Coletti's prepared statement appears on page 1485.]

Mr. MINETA. I would now like to call on our very fine colleague from Minnesota to make his presentation at the present time. Congressman Oberstar is a very fine, highly recognized member of our full committee, and now the very distinguished chairman of the Subcommittee on Aviation. So we're pleased to have Congressman Oberstar make his presentation at this time.

Mr. Oberstar.

## TESTIMONY OF HON. JAMES L. OBERSTAR, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Mr. OBERSTAR. Thank you very much, Mr. Chairman, for the opportunity to squeeze in between other panels in the hearing.

If I may summarize, we are at an historic demarcation point in the evolution of the Nation's highway and transit programs. We are on the threshold of the post-Interstate era. Since 1957, this country has invested nearly $100 billion in building the Nation's and the world's finest interconnected system of highways—the Interstate. It represents 1 percent of the Nation's highway mileage but carries 26 percent of its traffic, and last year that was some 440 billion miles travelled.

We are at a point of concluding construction of the Interstate, moving to what I have called, and what others have referred to, as that post-Interstate era, but we are also moving to a point of demarcation among drivers. By the end of this decade, studies show that half of all the Nation's drivers will be 55 years of age and older. That means more interest in leisure driving; that means more time spent enjoying more of the Nation's scenic beauty; that means using the interstate and our primary and secondary highway system to get to points of interest, points of excitement, of enjoying the great American outdoors, the great scenic beauty and historical and cultural beauty of this country. That is what I am here to appeal for.

I want to congratulate you on the enormous task you have conducted over the last two years of extensive, detailed, thoughtful probing into the nature, condition, priorities, and other aspects of the Nation's highway and transit programs. You've conducted an extraordinarily meticulous inquiry throughout the last two years of the 101st Congress and now you're in more detailed and specific, targeted hearings as you prepare to shape the Nation's highway program not just for the next five years, but for the balance of this decade. I realize that there is a great push to reduce categories, to reduce the kinds of programs that are funded in the Federal-aid

Highway Program. I am here to make an appeal for three categories or three designations.

The first is what I just alluded to—scenic byways. I became excited about the scenic byways program when I was an administrative assistant to my predecessor, and administrator of this committee working on the Great River Road, which was included in earlier highway legislation. Last Congress, I sponsored legislation, co-sponsored in the Senate by Senator Rockefeller, to authorize funding for a study of a National scenic byways program. That study has been completed. That study has been completed by the Department of Transportation, and is supported by a wide range of national organizations who are interested in the development of a scenic byways program.

The list of supporters of Scenic Byways is long and distinguished, but let me focus on the proposed I am now developing. We're not asking for billions of dollars but something perhaps in the range of $30 million a year. Not a Federal program, organized, operated, directed by the Federal Highway Administration, but a national program that is grassroots up, that is stimulated, that is designated, whose segments of which are supported by, backed by, and categorized by the States, the localities, the areas that most benefit; but also measuring up against minimum national standards of what constitutes a Scenic Byway.

There are many precedents for Scenic Byways in this country—the Natchez-Trace Parkway that goes through three States; the Blue Ridge Parkway; the Great River Road from Canada to the Gulf of Mexico; the Sunshine Parkway in your part of the country; Wisconsin's Rustic Roads Network. They all bring Americans closer to that which is so typical and so extraordinary and so beautiful about this country.

We—by we, I mean Senator Rockefeller and I, and other members of this committee, including Mr. DeFazio—are shaping the final version of a bill that we shall shortly introduce that will spell out the specifics of what we understand by a Scenic Byways Program. I look forward to discussing its details with you.

The other element that I want to address, Mr. Chairman, is bicycle and pedestrian pathways. The Federal-aid Highway Program literally got its start from bicyclists in 1894 who banded together to ask the Congress for a grant of $10,000 to study and develop a network of hard surface roadways, not because bicyclists were enamored of roads, but because bicyclists were riding on paths that were then beginning to be used by automobiles and the automobile created ruts which made bicycling difficult. So they thought if they could get the Congress to designate a system of hard surface roadways, it would be safer for cyclists. Just about that time the safety bicycle had been invented—even though it was 300 years after Michelangelo first designed a concept of a safety bicycle—and that replaced the "Penny Farthing" high wheeled bicycle, and today we have millions and millions of bicyclists all over America.

There are two purposes for the bicycle: for urban commuting and, secondly, for recreational and leisure cycling, of which I am a particular enthusiast. I have, again, a legislative proposal in its final stages of development which I hope to introduce very soon to provide bike trails and lanes, and pedestrian walkways along roads

and highways. Cities like Madison, Wisconsin; Seattle, Washington, which is designated by several bicycling organizations as the safest place to ride a bicycle in America, have gone even further in urban areas to designate cycling-ways, including a curb-like feature in the roadway that makes it clear that the adjoining three feet or four feet are set aside for bicyclists and car may not enter.

We can reduce congestion, pollution, and save on energy by making it safe and attractive for more people to commute by bicycle, as people do in Europe. You only have to travel a bit in Germany or France or The Netherlands to see the extent to which those countries have made cycling attractive, safe, convenient. We ought to do the same and we can for a very, very modest amount of money.

Mr. Chairman, I know that you have a long list of witnesses. There will be other opportunities for me to present further thoughts before this committee. I will conclude at that point.

Thank you.

Mr. MINETA. I want to thank you very much, Jim, for your fine presentation and your innovative approaches to issues. I was just wondering, do you think that there would ever be any kind of a potential conflict between those who want to preserve the environment along scenic routes and something like a scenic byways that would be an enhancement that you are proposing? Would there be any kind of potential conflict there?

Mr. OBERSTAR. Whenever there is an unusual environmental feature there is always potential for conflict. What I have attempted to do in fashioning this concept of scenic byways is to make sure that the scenic beauty, the environmental values that we want people to come and enjoy will not be diminished, devaluated, or destroyed by a massive new construction program.

In many places, all that would be needed, for example, in Wisconsin's Rustic Roads Programs or in the Forest Service's Scenic Byways Program, is a little pull-off for recreational vehicles to get them out of the travelled roadway. In other places, it will be an overlook, just a little bit of a construction area out of the way but fitting in with the scenic area. In most cases, you are going to find that the States will designate a road as a Scenic Byway and preserve its status. I'll give you an example in my own congressional district. There is quite a hubbub going on on a little segment of roadway through the Superior National Forest to and just outside of the Boundary Waters Canoe Area Wilderness. All the resorters along the road want more people to travel. They want them to travel safely but they don't want the highway department to build a 75 foot swath through the forest. So they are now working to improve the roadway, take out some of the dangerous turns, keep it scenic, but not make it a speedway. Cooperative efforts are necessary to achieve that balance between access and safety as well as preservation of the environmental values.

Mr. MINETA. Any cost estimate as to the different proposals?

Mr. OBERSTAR. We are thinking in terms of a $30 million a year program ultimately building to $100 million over a five-year period for Scenic Byways.

Mr. MINETA. Fine. Thank you very much.

Mr. Nichols.

Mr. NICHOLS. No questions, Mr. Chairman.

Mr. MINETA. Mr. Anderson.

Mr. ANDERSON. I have no questions, Mr. Chairman.

Mr. MINETA. Mr. Clinger.

Mr. CLINGER. No questions, Mr. Chairman. I just want to thank my chairman for a very innovative idea. I think it is one that would be very useful in a number of congressional districts. In my own, for example, we will be designating a new recreational area along the Allegheny River where there are abandoned rail lines that lend themselves very easily to this kind of a concept. So I think it is one that should have very broad-based support. I certainly commend the gentleman for his very useful and innovative concept.

Mr. OBERSTAR. Thank the gentleman very much. In fact, the "Rails to Trails" concept is one that will fit in with this idea of scenic byways very, very nicely and we're hoping to do that, both for cycling purposes and in some cases for motor vehicle travel.

Mr. MINETA. Mr. Nichols.

Mr. NICHOLS. Congressman Oberstar, I only wanted to mention as a result of the Portland-Seattle trip that we were on just a couple of weeks ago, I hadn't realized myself to what extent bicycle paths were taking place. It's a healthful type of thing but a way in which numbers, as you have pointed out, of people actually get to work. That's not evident in many other environments, but certainly in these crowded environments it is very, very practical, plus the health aspect and the economical advantages to that.

Thank you.

Mr. OBERSTAR. Thank you, sir.

Mr. MINETA. Thank you very much, Congressman Oberstar. We appreciate it.

Mr. OBERSTAR. Thank you, Mr. Chairman.

[Mr. Oberstar's prepared statement follows:]

STATEMENT OF HON. JAMES L. OBERSTAR

before the

SUBCOMMITTEE ON SURFACE TRANSPORTATION

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

April 17, 1991

Mr. Chairman, and Members of the Committee, I'm pleased to be here today to speak on two subjects close to my heart: Scenic Byways and Bicycle and Pedestrian Paths. Several colleagues and I will in the near future have specific legislation to discuss with you, and hope that it can be included in the landmark surface transportation legislation you are now preparing. We are working with Senator Jay Rockefeller to introduce complementary bills.

With the completion of the Interstate system, it's time to turn our attention to a different aspect of travel: leisure travel; a different landscape: the scenic, recreational, cultural, and historic wonders of America; and a different road system: Scenic Byways.

Unlike Interstate highways, scenic byways would take travelers away from the main corridors and into the mountains, forests and countryside, along the lakes, rivers and seashores of our great nation. Instead of bypassing towns and villages, scenic byways would take the traveler into America's rural communities, to eat, to shop, to stay, perhaps to experience a different way of life. Scenic byways would provide a change of pace for the traveler, and a boost to the economies of areas bypassed by our nation's trans-continental highways.

The Report accompanying the 1990 Department of Transportation

Appropriations Act ordered DOT to prepare a study and make recommendations on a national scenic byways program. That study is complete and, I think, fully deserves the unanimous acclaim it has received. My only disappointment is that it did not go quite far enough in recommending comprehensive a Scenic Byways Program complete with adequate funding.

The legislation we will soon introduce will do that.

The legislation will establish an Office of Scenic Byways in the Federal Highway Administration, and an Advisory Commission to recommend program elements such as scenic byways criteria and signing.

It will create a new section in Title 23, providing a modest amount of matching money to states for planning, program development, and scenic features for scenic byways and special "All-American Roads" of surpassing scenic beauty. Scenic features would include, but not be limited to, safety improvements, scenic easements, bike and pedestrian paths, turnouts, overlooks, and interpretive and information facilities.

Participation in the program by states is not mandatory. Those states choosing to submit applications would be awarded on a merit basis. This is not to be an entitlement program.

We have chosen to create a separate section for Scenic Byways because experience has shown that it is the only way to assure that the goals of such a program are realized. On the Great River Road along the Mississippi River, in which I played a role in establishing and fostering, less than 30% of the money spent has gone to what we call scenic, cultural, or historic "amenities," or the essence of the Great River Road. While road improvements would not be precluded, and

in some cases may be necessary, under my bill they are not to be the primary use of the funds.

Mr. Chairman, unlike the Interstate system, a national Scenic Byways system will not have to be built from scratch. Our 4 million miles of public roads already include a wonderful collection of parkways, byways and other routes which simply need identification, enhancement and protection.

Many states already have scenic byway programs, such as the Great River Road which follows the Mississippi River from Minnesota to the Gulf; the Blue Ridge Parkway; and Oregon's U.S. 101. The national program will be flexible enough to accommodate them. As all commenters have asked, this will be a national, not a federal program. Scenic Byways can be virtually any type of road, from Interstate to two-lane road.

This program will add to what states are already doing, to bring the wonders of America closer to the people, to make recreational travel easier, and to bring economic development to communities along America's back roads.

I look forward to discussing the legislation with you in the near future.

BICYCLE AND PEDESTRIAN PATHS

Mr. Chairman, today, on the threshold of the post-Interstate era, when we have completed 46,000 miles of highest quality trans-continental highway, it is remarkable to recall that, as late as 1900, this country had only about 200 miles of hard-surface roads

outside large cities.

It wasn't the car and the motorist that first demanded better roads; rails offered a much smoother, faster, and more economical way to travel long distances.

It was the bike, and the bicyclist, that required and demanded high-quality highways. The development of the safety bike, with gearing and chain drive, improving on the older, high-wheeled velocipede, gave men, women and children a wonderful new means of transport. The eighties and nineties saw a flood of bicyclists, who rapidly became outraged at the condition of the nation's roads. The first "Road Gang," as the highway interest group calls itself, could in reality have taken the name of our newest interest group, the "Chain Gang" of bicycle enthusiasts.

It's time to return bikes, and pedestrians, to their rightful place in the new transportation bill.

According to the 1980 census, 6.1 percent of commuters walk or bike to work, which is mor than the flat 6 percent who take the train or bus.

A recent Harris poll indicates that, if safe bicycle lanes could be provided, some 20% of all U.S. adults would sometimes commute to work by bike.

We need to make biking safer and more practical and attractive, with such simple measures as wider shoulders, or separate paths along the right-of-way.

The bill I am developing will help provide these improvements, to facilitate bike and foot commutes, ease rush-hour congestion, lessen pollution, and give people an expanded number of options to get to

work.

I am excited by this opportunity, and look forward to describing the details of my bill to you.

Mr. Chairman, thank you for the opportunity to appear before you today, and I await any questions you and the Committee may have.

Mr. MINETA. At this time I would like to call forward a panel made up of Lester P. Lamm, president, Highway Users Federation for Safety and Mobility; Mr. James Goetz, president, G.A. Truck Stops, Inc., and National Association of Truck Stop Operators; John Archer, managing director of Government Affairs, American Automobile Association; and Kenneth D. Mulzer, corporate secretary, Mulzer Crushed Stone, Inc., Tell City, Indiana, and also the chairman of the National Stone Association, accompanied by Paul C. Mellott, Jr., executive vice president, H.B. Mellott Estates, Inc., McConnellsburg, Pennsylvania, and chairman of the Government Affairs Division of the National Stone Association.

Mr. Lamm, your testimony will be made a part of the record. So I would appreciate your giving your abbreviated oral presentation.

**TESTIMONY OF LESTER P. LAMM, PRESIDENT, HIGHWAY USERS FEDERATION FOR SAFETY AND MOBILITY; JAMES GOETZ, PRESIDENT, G.A. TRUCK STOPS, INC., ON BEHALF OF THE NATIONAL ASSOCIATION OF TRUCK STOP OPERATORS; JOHN ARCHER, MANAGING DIRECTOR OF GOVERNMENT AFFAIRS, AMERICAN AUTOMOBILE ASSOCIATION; AND KENNETH D. MULZER, CORPORATE SECRETARY, MULZER CRUSHED STONE, INC., TELL CITY, IN, ON BEHALF OF THE NATIONAL STONE ASSOCIATION, ACCOMPANIED BY PAUL C. MELLOTT, EXECUTIVE VICE PRESIDENT, H.B. MELLOTT ESTATES, INC., McCONNELLSBURG, PA, AND CHAIRMAN, GOVERNMENT AFFAIRS DIVISION, NATIONAL STONE ASSOCIATION**

Mr. LAMM. Thank you, Mr. Chairman. I will very briefly summarize my remarks.

As committee members know, I have appeared many times over the years before this committee. For the past five years-plus I have represented the Highway Users Federation which in turn, represents the American travelling public from the standpoint of those who collect and pay the highway user fees at State and local level. Our members depend on good and safe highways for their own economic bottom-line. Consequently, their main concern is that they want their hard-earned tax revenues to be used in a timely fashion for what they see as needed transportation capital investments.

Our members are concerned at the current state of performance of the U.S. highway system, in particular. We think we have exhibited 20 years-plus of increased demand year in, year out, and at the same time, generally reduced investment during that same time period. That is really a recipe for failure and that failure is now showing up around the country in three main elements.

First, as several of your previous witnesses have mentioned, it is indisputable that there is growing urban and suburban traffic congestion in all of the large urbanized areas around the country.

Secondly, in many parts of the United States—and we live in one right now—old roads and bridges are wearing out faster than Government agencies can keep them up.

And the third problem is a very severe problem in that even though our traffic fatality rate is coming down, we still have 45,000 traffic deaths per year.

Yesterday, very interesting, Mr. Chairman, the full committee heard the same message coming from two widely disparate representatives of the highway user community. You heard the chairman of Bethlehem Steel and a highly placed executive in the Walt Disney organization speaking from the tourism point of view, both saying, although they have widely differing needs for highway service, they come from different regions of the country, they have the same problem—which is they see an inadequate highway service.

As you all know even better than I, 1991 will be a pivotal year for surface transportation. I would like to say that from the standpoint of our members, we believe that the DOT bill, which has been submitted and been discussed at length before your committee, represents a good start toward getting surface transportation legislation in place. We have commended Secretary Skinner and the Federal Highway Administration staff, in particular. Not only this year but ever since they've come to Washington, I think they have exercised absolutely proper leadership on the issues that concern us all, in that in 1989 and 1990 the new transportation leadership undertook a long-term intermodal transportation policy statement. Beginning in late 1990, they began to translate that national policy into specific legislative treatments, first with aviation and then this year with highway, transit and highway safety.

I say again, I believe the Administration's version of the STA is a good bill. My full testimony points out many areas where Highway Users Federation and DOT agree. In particular, we like the shift in priorities to a post-Interstate era, devoting much more Federal funding and attention to problems such as relieving traffic congestion.

We believe that the shifts toward better management proposed by the Department to State and local flexibility for greater use of technology are all steps in the right direction. And in particular, Mr. Chairman, we would urge your subcommittee at some point in the future when perhaps the dust has settled on this year's legislative activity, I think it would be interesting if you convene specific hearings on intelligent vehicle highway systems. We believe that this greatly enhanced use of technology to move traffic more efficiently and safely is going to have tremendous benefits for the next 40 and 50 years on how highways work. We think this is one small investment we can make now at the research stage that will eventually greatly improve traffic safety, result in much more energy conservation, in relieving urban and suburban traffic congestion, and in advancing a lot of the environmental goals, such as clean air, that we all share.

We have relatively few concerns with the DOT bill, but we would like the committee to evaluate those so I'll mention them specifically.

We agree with several other witnesses that the money in the DOT bill is not really sufficient, particularly in the highway program where we think the program level should be closer to $20 billion rather than $16 billion at such time as your budget pressures surrounding Congress might ease up a little bit. In the transit area, we feel that there is a continued need for general funding for the major transit systems to backup and augment the user fees devoted

to transit. And even in highway safety, we would like to see roughly 25 to 30 percent more funding than DOT proposes.

The second issue that I think your committee has already picked up and will spend a lot of time debating is the new proposed Federal-State matching ratio. As I look around the country and talk to local and State transportation managers and elected leaders, now might not be the right time to raise the matching share so drastically.

The third point is that we'd like to see better standards or more guarantees to protect the performance of the Federal Interstate System. Lumping it in with the National Highway System is all right but we're convinced that it may be likely that the needs for a new facility off the interstate system might swallow up a lot of money that states would otherwise devote to 3R work on the older interstates. We would not like to see that.

We also believe there is over-emphasis on tolls as a solution. Tolls might be the best method in specific projects, but we would have concern if people felt that tolls would replace a broad-base free user financed highway program. I point out in 1989 of the $73 billion used in the highway program, less than $3 billion came in from tolls.

We have particular problems with congestion toll pricing. I think with congestion toll pricing, if carried on in this area, you could hypothesize that Potomac River crossings might end up requiring an outlay of $5 to $10 a day. If that happened, I think people would just move out to the next surrounding band of counties, and that is not going to solve our problem.

I also point out the proposed commercial use of rest areas on the Interstate Highway System may require a very close look by the committee because I think that's a sleeper issue. It has been in place with no change since 1956 and anything that has been working one way for 35 years, if it is overturned immediately, I think it may cause some problems.

Finally, I would like to suggest that the committee would ask DOT to review specific policy areas. In my testimony, attachment 1, pages 4 and 5, list 11 specific policy areas that we think the committee should ask DOT to undertake. If you had information on those issues today, I think you could make better decisions on this year's legislation. You should certainly have that information by the next round.

However, our main interest and our main concern is on timing. Right now, today, you have about 80 House of Representative legislative work days before October 1. There are even fewer days available in the Senate. Looking back by comparison with 1986 and 1987, the committee had been further advanced in that your bills were already on the table by April of 1986 and yet we did slip that process between October 1986 to April 1987. That, in turn, I think leads to the prospect that we might have another gap or a hiatus in Federal aid financing this year.

We want to help the committee to make sure this does not happen. Members of the Highways Users Federation are working now and will be working even more in future months to contact every Member of Congress, every representative, every senator, to describe local transportation problems and to indicate that we are

expecting help out of the Public Works Committee to get legislation in place in time to carry the badly needed Federal-aid Highway Program into the next century.

Thank you, Mr. Chairman. I'll be glad to stick around for any questions you might have.

Mr. MINETA. Thank you, Mr. Lamm.

Mr. Goetz.

Mr. GOETZ. Mr. Chairman, members of the committee, on behalf of the National Association of Truck Stop Operators, I want to thank you for this opportunity to offer this testimony.

I am a truck stop operator from south central Wisconsin and I am also a former Lieutenant Governor of the State of Minnesota. I make that point because I want the committee to understand that my comments are not only those of one involved in the business of surface transportation, but also those of one who has been on the receiving end of public testimony and I remember it well, particularly that the mind can comprehend only that which the seat can endure. So, Mr. Chairman, my remarks will be brief. [Laughter.]

We support the current law, Section 111 of Title 23, U.S. Code, which prohibits the establishment of commercial activities on Interstate rights-of-way. One exception exists, operation of vending machines by the blind is permitted. We oppose removing this prohibition. Commercialization of rights-of-way is, in our judgment, unnecessary. Billions of dollars have been invested by small businesses on the interchanges to meet the needs of the interstate traveller. Interchange facilities are capable of meeting the demands for goods and services. Competition is vigorous among those of us located at or near the interstate interchanges, thus providing customers with the lowest possible prices and the best of service. Mr. Chairman, we believe that Section 111, Title 23 is not broken and, therefore, doesn't need fixing.

Mr. MINETA. Thank you very much, Mr. Goetz.

Let me go to Mr. Archer.

Mr. ARCHER. Thank you, Mr. Chairman.

AAA, serving more than 32 million members, appreciates this opportunity to present its views on reauthorization issues.

AAA believes visionary, long-term legislation is vitally needed. Peoples' taxes have already been paid and extended. They deserve to get their money's worth. The Administration's proposal to establish three funding categories—the National Highway System, Bridge, and Urban/Rural—is a very good start and deserves serious consideration. But if a separation of the rural and urban categories would be helpful in eliminating unnecessary political squabbles, we think that ought to be seriously considered.

AAA strongly opposes raising the gas tax for deficit reduction. Diverting user fees to general operating expenses will ultimately destroy the dedicated funding process. Trust in the Trust Fund should be restored by spending the $17 billion in tax revenues and interest now earmarked for road construction and repair, plus the Trust Fund balances, and by recapturing the 2.5 cents of the gas tax now earmarked for deficit reduction.

AAA takes strong exception to those who contend new roads do not alleviate traffic congestion. Traffic congestion has mushroomed in the 1970s and 1980s because road construction did not remotely

keep pace with economic, social, and demographic changes which dramatically increased vehicle miles travelled, especially in suburban and exurban areas. Alleviating that congestion will be complex. It will require a number of approaches, but one of them in particular is the expanded highway capacity. HOV lanes especially have the potential to carry large numbers of people. Where feasible, we believe urban bypasses and outer beltways also can help substantially.

Alleviation of congestion also would help improve highway safety, an absolutely critical goal. Because vehicle miles travelled are expected to double by the year 2020, fatalities could increase to 90,000 per year in 2020 unless the fatality rate is further reduced.

In fatal crashes involving passenger cars and tractor trailers, car occupants are killed 38 times as often as truck occupants. Truck brakes are notoriously deficient. For instance, about 50 percent of the large trucks removed from service for mechanical reasons are done so because of improper brakes. No wonder motorists feel intimidated by the increasingly large numbers of trucks on our roads. Congress should demand improved highway safety and not allow it to be degraded by greater use of longer vehicle combinations.

AAA applauds the testimony you just heard by Congressman Oberstar with respect to scenic roads. We were a strong supporter of the study he mentioned, and we're a strong supporter of its recommendations.

In particular, we believe a national—not Federal, but national—scenic road system should be established. A Scenic Roads Office should be created within FHWA to serve as a central clearinghouse for information, provide technical advice, help create the so-called national All-American Scenic Road System, and work with the U.S. Travel and Tourism Administration in marketing U.S. scenic roads overseas.

Understandably, scarcity of funds is driving the push for more tolls. But AAA remains opposed to toll financing because of its numerous problems, including excessive costs, double taxation, inefficiency, inconvenience, and our belief that widespread toll financing would be a breach of trust to the Nation's motorists who have paid literally hundreds of billions of dollars to fund a toll-free system.

Finally, Mr. Chairman, I emphasize that AAA does not minimize the funding problem, but there are better ways to do it than toll financing, such as spending down the Highway Trust Fund balance, impact fees, and the traditional taxing methods. Thank you.

Mr. MINETA. Thank you very much, Mr. Archer.

Mr. Mulzer.

Mr. MULZER. Mr. Chairman, I am Kenneth Mulzer, secretary of Mulzer Crushed Stone, Inc., Tell City, Indiana. My appearance today is on behalf of the National Stone Association where I serve as the 1991 chairman of the board. With me is Paul Mellott, Jr., executive vice president of H.B. Mellott Estates, Inc., in McConnellsburg, Pennsylvania, and chairman of NSA's Government Affairs Division.

The National Stone Association represents approximately 500 producers of crushed stone and related industries that provide services and supplies to our producer members. Our Association repre-

sents companies that account for over 80 percent of the crushed stone produced in the United States, and provide over 64,000 jobs. Stone is quarried in 70 percent of the counties in the country and 49 of the 50 States. It is a $5.5 billion a year industry and is the largest non-fuel extractive industry in the country.

We are both a major supplier to the transportation construction process and a user of the Nation's transportation infrastructure. Approximately 86 percent of the crushed stone is trucked directly to its end use from our quarries. In addition, much of the stone that is shipped initially by rail or barge will reach its final destination by truck. We share your and other members of the committee's concern that we need to develop efficient and effective intermodal links. Because of the location of our facilities, the vast majority of our employees must commute to their jobs by automobile so congestion is impacting employees on a daily basis as they go to and from their jobs.

We are vitally concerned as business people and citizens with the decline in the performance of our Nation's transportation infrastructure. I have a two-fold purpose in testifying today. First, I wish to voice NSA's vigorous support for the timely passage of the Surface Transportation Act, H.R. 1351, at adequate funding levels to meet our Nation's transportation needs. As you know from Mr. Mellott's letter of March 20, 1991 to you and Congressmen Roe, Hammerschmidt, and Shuster, our Association supports the funding levels you have proposed. Increasing Federal transportation funding to $153 billion during the next five years more accurately reflects the Federal responsibility for meeting the Nation's mobility needs and returns trust to the Highway Trust Fund by employing user fee revenues for the purposes for which they were collected.

We agree that the time to rebuild America's transportation infrastructure is now. The American people are willing to pay the user fees to develop a safe and efficient transportation system. As you have clearly pointed out, if the Nation is to prosper in a global economy, we must stop amassing surpluses in transportation trust funds and use the money to restore our infrastructure and create a transportation system that improves our productivity and enhances our competitive edge.

Let me take this time and opportunity to thank you for the excellent article on this legislative issue you contributed to the April issue of Stone Review, our trade association's bimonthly magazine. As you noted, "We can differ about the final cost, but to me there is no more universal trust than this: How we spend the money is as important as how much money we spend."

This leads me to my second purpose in being here today, which is to tell the subcommittee about the new Aggregates Research Center that NSA is establishing in cooperation with the National Aggregates Association as a major private sector initiative. It will enhance the productive use of aggregates and ultimately the value they provide to travelers and taxpayers through their applications in the building, restoring, and maintenance of our Nation's roads, bridges, and highways. Our industry has currently raised some $3.4 million for an Aggregates Research Foundation that will fund the Center. The Center will be located at a major university and pro-

vide an independent focal point for the development and distribution of basic and applied research on crushed stone, gravel, natural sand, and other aggregates for all construction and highway uses.

The Center will work closely with public agencies— departments of transportation, public works organizations, and so forth—other academic and industrial research and educational institutions, architects, engineers, and leading corporations to ensure that the proper usage of aggregates, innovative end-use applications, durable construction, and cost-effective paving procedures will be utilized.

In addressing the Nation's infrastructure crisis, we face the issues of repairing the existing decay in our system, developing better methods for preserving our multi-trillion dollar investment in our roads and bridges and formulating new ways to build more road capacity with scarce dollars.

The Aggregates Research Center will provide a bold new approach to developing credible new information on the use of aggregates in all types of construction and highway applications. The Center will work to develop sound technical and scientific information about aggregate products, promote understanding of the factors influencing the properties of aggregates and of the mixtures in which aggregates are used, provide information to Federal and State users agencies for the design of improved structures utilizing aggregates, assist users in making knowledgeable choices in the marketplace, and to conduct educational programs for the transfer of research information to practicing engineers.

The bottom line for highway users will be better, more durable, hopefully safer road and bridges constructed in a more cost-effective manner. We believe this investment by our industry represents the essence of what deTocqueville called "self-interest properly understood."

In summary, Mr. Chairman, the Chairman of the House Committee on Public Works and Transportation, the honorable Robert Roe, summed up our situation very well when he said, "While the world has been changing around us and while our major economic rivals have been growing even stronger, we have not been preparing for the future."

The Surface Transportation Assistance Act provides Congress and the Administration with the opportunity to turn this situation around. The dynamic interaction between infrastructure investment, productivity, growth, and generation of new wealth will allow us to build the infrastructure this country needs based on user fee revenues.

In his book, "The Work of Nations," Robert Reich points out that investment in wealth generating assets such as transportation infrastructure produces an expanding circle of economic growth that can impact the future of America's standard of living and ability to compete in a global market.

As you may have seen in the Monday, April 15, 1991 edition of Roll Call, NSA has joined with over 85 other companies and associations in an open letter which recommends that Congress:

One, reauthorize the surface transportation program for four more years prior to September 30, 1991;

Two, provide the necessary funding to meet the identified highway and transit needs, and provide for the spend-down of the rapidly accumulating balance in the Highway Trust Fund;

Three, restore to the Highway Trust Fund the 2.5 cents increase in the Federal motor use fuel tax user fees enacted in last year's budget reconciliation act; and

Four, provide for the permanent independent reauthorization of the Highway Trust Fund.

As an individual association, we have endorsed the basic structure the Administration has proposed for Federal aid to the States through the National Highway System, the Urban-Rural Program, Bridge Program, the use of toll roads, and public-private partnerships to expand investment in infrastructure. In addition, we support the Administration's call for additional spending in the research and development area.

The U.S. Department of Transportation Secretary Samuel Skinner should be congratulated for the outstanding job he has done in developing a National Transportation Strategy and formulating his proposed legislation. Clearly, they have done an excellent job in framing the policy debate.

However, the financial component of the Administration's proposal does not meet the Nation's infrastructure needs or keep faith with the user fee concept. There can be no further build-up in the Highway Trust Fund. Existing surpluses should be used to finance needed projects. Further, overall funding levels proposed by the Administration are inadequate. As mentioned above, we support the levels proposed by yourself and the other leaders of the Public Works Committee which would provide $21 billion for highways next year, and $24.5 billion per year for the remaining of the authorization period. While we do not have a specific recommendation on matching ratios for each program area, long-term needs studies continue to show that even higher spending levels would be required to keep America's lead in mobility. Groups such as the American Association of State Highway and Transportation Officials have developed comprehensive multi-modal programs, that should be considered in establishing different infrastructure investment levels.

We do believe that the Federal share for meeting our highway needs is more than 22 percent currently provided. The long-term policy goal should be to restore the Federal share to the previous level of approximately 30 percent. This expanded Federal commitment needs to be matched by expanded efforts by State and local governments as well. DOT Secretary Skinner has raised valid points concerning the role increased State and local financial contributions make in improving project selection and construction management.

Pat Choate began a good deal of the debate on America's infrastructure crisis with his book, America in Ruins. Today, he notes that the criteria for competition in a global economy are price, quality, service, marketing, and innovation. Transportation infrastructure impacts all of these factors.

On behalf of the National Stone Association, I urge you and the members of the subcommittee to report out a bill that can move America into the 21st century and restore our competitive edge.

Thank you for your consideration of our views. The balance of our comments are included with my written statement which I'll submit for the hearing record.

Also, I might add, that in answer to one of your earlier questions to the previous panel, our executive board in a previous meeting has endorsed your proposed 5 cents a gallon increase in the motor fuels user fees with the stipulation that they be considered as entitlements as you proposed.

Thank you.

Mr. MINETA. Thank you very much, Mr. Mulzer.

I would like to ask the panel some general questions. I had one specific one. The Administration proposes to restructure the Federal-aid Highway by consolidating the categorical grant programs into a two-tier program—namely, the National Highway System and the Urban/Rural. Could you explain to the committee why there is a need to continue and then add a categorical grant program such as the Scenic Highway Program? Anybody wish to respond?

Mr. ARCHER. If I could take that, Mr. Chairman. I think what is contemplated by Congressman Oberstar, Senator Rockefeller is not an enormous categorical program anything like the size of the other programs you alluded to. This would be on the order of $30 million in the first year to perhaps as much as $100 million in the out years. Some 17 percent of travel today is recreational travel, increasingly it is done by older people looking for slower, more pleasant alternatives. I think there is an emerging consensus that we have to look to Scenic Roads, that that's an American treasure we have to preserve and improve on.

A number of political groups across the political spectrum support Scenic Roads. It is one of those issues that draws people together:

AAA, the American Recreational Coalition and their constituent groups, the Highway Users and their vast array of member groups, Scenic America and a number of environmental groups—all these groups support Scenic Roads. It seems to me that the Congress should respond to that.

Mr. MINETA. Mr. Goetz, in the Administration bill they talk about the commercialization of rest stops along the rights-of-way of the Interstate System. What kind of an impact would that have on the tax base of the communities that have already developed, that have had individuals, like yourself, who have developed these truck stops and travel plazas?

Mr. GOETZ. Mr. Chairman, I believe that it would be absolutely devastating and it would destroy the small businesses, like myself, that have built our facilities on the interchanges. The fact of the matter is that small businesses operating at the interchanges could not compete with right-of-way facilities. It is true in our business, location, location, location. And I believe that the many small communities would lose their tax base in lieu of funds paid to the State departments of transportation and, hence, a major source of employment. Many small communities have built out to the Interstate where we have built our facilities.

Mr. MINETA. Thank you.

Mr. Clinger.

Mr. CLINGER. Thank you, Mr. Chairman and I thank the panel for their very helpful testimony.

With regard to this question of the commercial use of rest stop areas on the Interstate System, can you, Mr. Goetz, give us an idea of what kind of an impact you really think that would have on your industry. Would it have dire economic implications?

Mr. GOETZ. Mr. Clinger, I am absolutely convinced that three years after that would occur you would not find the vast majority of us able to testify before you.

Mr. CLINGER. What's the trade-off? Obviously, the purpose of this is to enable States to realize some additional revenue through the permitting process that they would get from a franchisee or a permittee on the rest stop. But what you are suggesting is that the total loss to the State might be a great deal greater in the long run because of the failure of businesses off the Interstate.

Mr. GOETZ. Mr. Clinger, indeed it would. I think it is very clear to say that there is only so much money that is available from the operations. Putting facilities directly on the rights-of-way, will not sell one more gallon of fuel, nor will it sell one more hot dog, or repair one more flat tire. Sales made to the interstate traveller will not be increased. It will simply dislocate those who are making those sales today.

Clearly, the economics of the business are such, in my case, we pay $110,000 a year in property taxes to the local county which does provide us with the police and the fire protection and $77,000 of it goes to the local school district. If in Wisconsin they commercialized the rest area close to me and I went out of business, clearly that money, instead of going to the county and the local school district, would I assume go to the State Department of Transportation. So there is no more money available.

The other thing that can happen, as we find out on the tollways today, for example, the Illinois tollway is very close to us, we find that their prices, because they have a monopoly on the stretch of the System are 10, 12, 14 cents a gallon higher than ours.

Mr. CLINGER. Thank you. Mr. Lamm, in your testimony you oppose the management programs that are outlined in the Administration proposal that we have before us. Wouldn't these programs really help to ensure that the Federal dollar is expended efficiently? The objective of the program, obviously, is to try and make sure that they are managed in an economically efficient way. So I would like you to amplify a little of why you object to the management.

Mr. LAMM. I must have passed over that part of my verbal statement too quickly, Mr. Clinger, because we thoroughly support all of the proposed management processes that are in the DOT bill. We think it is long overdue to have anywhere from a $16 to a $20 billion Federal fund program and not be able to answer the very basic questions of where the money goes and what benefit you get back any better than DOT can today. I think it should not continue any longer.

Mr. CLINGER. Okay. Thank you. I'm glad to clear that up.

Mr. Mulzer, you have indicated, and I think to be commended for, undertaking the Aggregate Research Program. Is this sort of the first effort to be done in this area?

Mr. MULZER. It is a first step. We went through an extensive study to determine the feasibility of it and the need of it and the consultants indicated that it was necessary in our industry. Last fall we began the process of soliciting pledges for funding the Research Center. Initially, we felt with the downturn in the economy and the problems that we were having that it couldn't have come at a worse time because most of our members were suffering from an economic recession already. However, we went ahead with a $3 million minimum goal, which we have exceeded.

I think that typifies the interest that we have ourselves in finding uses for our aggregates that are quality. Here again, anything that you do you are never more than a stone's throw away from our product because it is used in concrete and everything else. But we're interested in problems that we have with rehabilitation of Interstates, the asphalt surface mix, the job mix formula of antiskid materials, durability of those materials, those are all items of interest that we want to do work on. I think that's why we've developed the interest we have in our Research Center.

Mr. CLINGER. I certainly commend you on that. I understand you are going to associate this with a university. I would just put in Penn State's bid for that.

Mr. MULZER. We've already been approached by several universities. We're in the process right now of developing our RFP which will be out probably within three months and at that point in time we'll go out to several universities. It's something about a little bit of money that people get awfully interested in at the universities, and, yes, Penn State is definitely in the running.

Mr. CLINGER. Thank you very much. Thank you, Mr. Chairman.

Mr. MINETA. Just to follow up on that. In terms of use of aggregates, how much is used in construction application, how much is used in highway application? That would be 75, you say, in construction generally, and 25 in highways?

Mr. MULZER. Right.

Mr. MINETA. Great.

Mr. Archer, evidently there was an article recently somewhere about the comment that Chairman Roe had made about trying to recover the 2.5 cents that was going to deficit reduction. AAA was quoted as saying, "AAA supports chairman Roe's efforts, but he doesn't have a prayer." The article went on to give Mr. Roe an A for effort.

So Mr. Roe's response was, "Oh, ye of little faith."[Laughter.]

Mr. ARCHER. Chairman Roe has it right, Mr. Chairman. AAA certainly believes that the 2.5 cents earmarked for deficit reduction should be used for transportation.

We applaud your personal efforts and the efforts of the Committee, and understand the difficulties of dealing with a budget committee confined by domestic caps. Nevertheless, I think that certainly should be the objective. It's certainly AAA's objective. Whether it's this year, or next year, or the year after, AAA won't change that objective.

Mr. MINETA. As well as the Administration because they just don't want to touch the budget summit agreement. So we got rebuffed at the Administration level as well as through the budget process here.

Mr. LAMN. May I just amplify that answer, too, Mr. Chairman. All of the highway user community totally supports recovering that revenue that is not coming into the Highway Trust Fund. I would point out that the December, 1990 5 cent per gallon tax increase, as we see it, will eventually result in 16 cents on the dollar ever coming into the highway program because only 40 percent will, under today's ground rules—2 cents out of 5—and it doesn't begin until the 4th year of a 5-year collection period. So .4 times .4 is 16 cents on a dollar. That's a shoddy way to treat taxpayers.

Mr. MINETA. Okay everybody. Thank you very, very much for your presentation here today and for your patience.

[Mr. Lamm's prepared statement appears on page 1761.]

[Mr. Goetz' prepared statement appears on page 1704.]

[Mr. Archer's prepared statement appears on page 1175.]

[Mr. Mulzer's prepared statement appears on page 1951.]

Mr. MINETA. At this time I would like to call forward a panel made up of Lana R. Batts, Senior Vice President, Government Affairs, American Trucking Association, accompanied by Mr. Robert Farris, Vice President for Policy, ATA; Gene Bergoffen, Executive Vice President, National Private Truck Council; and William M. Clifford, President, and CEO, Saint Johnsbury Trucking Company, Incorporated, Holliston, Massachusetts, and Chairman, Regular Common Carrier Conference, accompanied by James C. Harkins, Executive Director, RCCC.

So to all the panelists, your testimony is being made a part of the record, so we would appreciate your abbreviated oral presentation.

We'll start with you, Ms. Batts.

**TESTIMONY OF LANA R. BATTS, SENIOR VICE PRESIDENT, GOVERNMENT AFFAIRS, AMERICAN TRUCKING ASSOCIATIONS, INC., ACCOMPANIED BY ROBERT FARRIS, VICE PRESIDENT FOR POLICY, AMERICAN TRUCKING ASSOCIATIONS; GENE BERGOFFEN, EXECUTIVE VICE PRESIDENT, NATIONAL PRIVATE TRUCK COUNCIL, ACCOMPANIED BY EARL EISENHART, VICE PRESIDENT, GOVERNMENT AFFAIRS; AND WILLIAM M. CLIFFORD, PRESIDENT AND CEO, SAINT JOHNSBURY TRUCKING CO., INC., HOLLISTON, MA, AND CHAIRMAN, REGULAR COMMON CARRIER CONFERENCE, ACCOMPANIED BY JAMES C. HARKINS, EXECUTIVE DIRECTOR, REGULAR COMMON CARRIER CONFERENCE**

Ms. BATTS. Thank you, Mr. Chairman. We appreciate the opportunity to come before your Committee today. As you indicated earlier, I have with me Bob Farris, our vice president for policy.

As you know, ATA's membership includes 4,200 trucking companies as well as supplies. With our 51 affiliated State associations and our 10 conferences, we represent over 30,000 motor carriers nationwide.

More than 78 percent of the Nation's freight is carried on U.S. highways in commercial trucks. Those trucks pay over $22 billion a year in Federal and State taxes. The Federal share is $8.5 billion.

We use the roads and we pay for the roads we use. Without trucks, this country would come to a stand-still. Without our high-

way system designed to carry those trucks into the 21st century, America cannot hope to compete in a world-wide global economy.

With that in mind, we support the Department of Transportation's proposals. Specifically, we are in favor of the 5-year bill providing continuity to the highway system. We are in favor of giving the States greater flexibility in how to spend their highway and transit funds. We are in favor of establishing a 150,000 mile national highway system linking all the Nation's major population and commerce centers.

This national highway system will give the U.S. economy the access and the mobility that it needs to compete in a common market with Canada and Mexico, as well as to compete in the world-wide markets with Asia and Europe. We are disappointed with the level of spending in the DOT proposal. We urge Congress to spend-down the Federal Highway Trust Fund.

Like some previous speakers, ATA is strongly against plans to impose another 5 cent tax. Last October, the highway users were hit with a 5 cent fuel tax. None of that 5 cents is being spent on highways. Before Congress asks the highway users for another Federal nickel, spend the nickel that we gave you last year.

Even without an increase in Federal fuel taxes, truckers and other highway users will pay more in highway taxes. States will increase their taxes to match the increased Federal share. Tolls, which are an indirect and double taxation, are a major part of the Administration's proposals. Included in the Administration's energy bill is a proposal to donate 10 percent of the imported oil into this country into the strategic petroleum reserve. That, in essence, is a 10 percent oil import fee.

In addition to the questions of the highways of national significance and spending, we have four other major areas of concern. First, the State tax collection method must be simplified. The trucking industry today spends more than $1 billion a year just to complete the paperwork necessary to pay our State highway taxes. Congress should require the States to join the International Fuel Tax Agreement and the International Registration Plan.

This is a win-win situation. The administrative costs for the motor carriers will be greatly reduced and the States will not lose money.

The Administration's bill does not specifically request IFTA or IRP by name. We urge Congress to specify them by name so that new costly programs are not implemented in their place.

In addition, we ask that the so-called bingo card program be abolished. It is an outmoded method of enforcing interstate commerce commission operating rights and should be eliminated. If you haven't ever seen one of the bingo cards, we have to buy the card, go to the States, buy the stamps, and lick and stick them. It costs us $50 million a year to buy the stamps and $250 million to lick and stick them. It's an outmoded program and we should get rid of it.

Secondly, trucking productivity must be improved. Just as this Committee wants improved flexibility for the States to decide how to spend the highway and transit money, States should have the same flexibility to choose whether they want more productive trucks. ATA has not, and is not, asking for a Federal mandate forc-

ing States to adopt these more productive trucks. We are simply asking for the right for the States to decide whether they want them or not.

The congressionally mandated Transportation Research Board Study of Truck Weights and Productivity concluded that changing the Federal bridge formula and allowing the States to issue permits to trucks over 80,000 pounds would reduce the cost of moving goods in this country by $4 billion a year.

To answer a question that was asked earlier, if the State's ability to allow LCVs under current grandfather clauses were removed, according to the Transportation Research Board, it would cost the economy $1.2 billion a year, according to the Transportation Research Board. If all grandfathered weights were rolled back, it would cost the economy $8 billion a year. The recommendations in the TRB report would let the States enjoy the productivity benefits now enjoyed by 15 States.

Because Ms. Claybrook referred to the Oregon study, I would like to read testimony of the Oregon department of transportation in a hearing held in Oregon last month concerning triples in that State. The Oregon department of transportation says that it is their position that triples should be allowed to stay on Oregon's highways under the existing permit system. Because Ms. Claybrook referred to some of the findings, I think the ultimate conclusion should be in the record, and I would ask that their statement be entered.

[The referenced item appears in the record following Ms. Batts' prepared statement, see page 1369.]

Ms. BATTS. In addition, we also believe that the overweight container problem must be solved. DOT's proposal contains no references to the overweight containers. There are over 14 million containers that enter this country every year, 95 percent of which move by truck. Estimates are that a third of those containers are overweight and illegal on the U.S. highways. FHWA recognizes the problem, but does not have the authority to solve the problem. We urge this Committee to give FHWA the authority necessary to hold the party that loads the container be responsible when it is overloaded.

Finally, we believe that research funding for the trucking industry must be increased. Trucks carry 78 percent of the freight in this country. In the Department of Transportation's research and development budget, trucks get 1.4 percent of the research funds.

Starting in fiscal year 1992, $30 million should be earmarked each year for trucking related research. These funds should be aimed specifically at truck safety and truck productivity.

In conclusion, Mr. Chairman, as we enter the 21st century, we find ourselves in part of a changing very competitive world-wide marketplace. Without a comprehensive 5-year plan to improve and maintain our transportation systems, American business will be unable to keep up, let alone compete. Mr. Chairman, we ask you to build on the Department of Transportation's plans on the national highway system, to increase transportation productivity without increasing unnecessary taxes on highway users.

Thank you very much.

Mr. MINETA. Thank you very much, Ms. Batts.

Mr. Bergoffen.

Mr. BERGOFFEN. Thank you, Mr. Chairman and members of the Committee. I have with me Earl Eisenhart. He is our vice president for government affairs.

NPTC appreciates this opportunity to appear before you to give you the perspectives of the private trucking community. Private fleets represent a very significant part of trucking in this country, probably over half the freight that's carried on the road, and about two-thirds of the locations of trucks over 26,000 pounds.

As indicated in our full statement—which I understand will be printed in the record as read—we generally support the Administration's proposed Surface Transportation Assistance Act of 1991. We believe the Administration's proposal, if adopted, would go a long way to ensuring the future integrity of our national highway system.

Here are our principal views. First, a 5-year bill is essential. It will offer much needed stability and predictability to Federal highway funding. Secondly, the focus on Federal investment in highways of national significance, along with increased overall funding, offers the best opportunity to support the concept of national commercial corridors to facilitate the flow of goods and services.

Third, increases in funding for bridges is critical to maintaining their structural integrity. Fourth, the efforts contained in the Administration's proposal aimed at congestion relief are essential to the free flow of goods and services. And fifth, the proposed expansion of the national system will allow for more productive use of equipment.

In the balance of my oral statement, I would like to concentrate on the uniformity provisions of the legislation.

We support strongly and vigorously reform of State regulation of trucking. We support the legislation's approach to improving productivity by reforming also the current hodgepodge of inefficient, confusing, and often conflicting State regulations governing trucks and truck operations.

Specifically, the bill would eliminate anti-competitive economic regulation of trucking. Much efficiency was gained in trucking operations through the Motor Carrier Act of 1980. Much more needs to be done. Still approximately 35 States currently prohibit private fleets from engaging in compensated intercorporate hauling in intrastate commerce. This means a truck cannot haul, for its own corporation in intrastate commerce something that is allowed under the Interstate Commerce Commission provisions, in interstate commerce.

Approximately 30 States prevent single source leasing in intrastate commerce. Many States also continue to impose stringent artificial restrictions on the issuance of operating authority.

As an example of the high costs that result, one NPTC member currently pays $296 to ship 36,000 pounds of cherries from Grandview, Washington to Portland, Oregon. However, an intrastate shipment of the same load, over the same distance, from Grandview to Spokane, costs $597. That's twice as much or more than the interstate shipment because of intrastate regulation.

This is just one example, among many, of the ways in which the continued State regulation of truck rates, routes, and services causes nightmares for corporate logistics managers and prevents

American industry from making the most productive and efficient use of truck fleets.

Secondly—and this is very important, which Lana has brought out, and we are fully together on the requirement for States to implement uniform procedures for collection of registration fees and fuel taxes, and to grant to the Secretary authority to require the States to establish one-stop shopping, whereby an individual fleet operator could go to a single point of contact within a State for registering a commercial motor vehicle, paying fuel use taxes, and filing for and paying other fees or taxes associated with the purpose, use, and operation of commercial vehicles in interstate commerce. We also support the elimination of the bingo card requirement.

I serve on a group called Advantage I-75 Policy Committee. I want to relate my experience there to highlight what we mean about the elimination of these uniformity barriers.

This is a committee that is established through the support of the Department of Transportation. It's an IVHS project, intelligent vehicle highway systems. The idea is simple. Along Interstate I-75, a truck could check in at one weigh station and through technology pass the information about that truck's classification, weight, quality, and registration authority simply one stop down and maybe have to stop just once through that entire corridor.

That seems like a simple concept, and the technology is easy. You just put a transponder on the truck and you get a signal from the weigh station. It's very simple.

But for a number of us who sit on that policy committee—and we share that with the American Trucking Associations—we are just marking time. In the first meeting, one State had to send three people from three different agencies to determine which of those agencies had the authority to deal with the next State so that they could pass basic information down the line. The States are determining now how long it will take to figure out what information they're willing to share.

The Advantage I-75 project is an incentive, through the funding approach for this—and we applaud it and support it. We're going to stick with it as long as it takes. In another project in the States of California, Oregon, Washington, Arizona, New Mexico, and Texas is a similar project. It took them 5 years to work out those barriers so that they could simply implement these things.

I can go on about this and I have notes, but I'm going to stop this at this point. I will be happy to share more information with the Committee about these simple little tasks that are made difficult by the lack of these uniformity requirements.

But I would like to close by stressing our support for the commercial vehicle information system that the Administration has proposed in its bill to provide technological support to the States to be sure that they can implement these uniformity provisions.

In conclusion, we support most of the provisions of the Administration's proposed Surface Transportation Assistance Act of 1991. We believe it meets our longstanding objectives for an adequate, well-maintained highway system, reform of State trucking regulations, and improvements in motor carrier safety. We are opposed, however, to the proposal to combine the urban and rural programs

and to the provisions relating to toll financing and congestion pricing.

We look forward to working with you to make this a great bill and a great vision for transportation in the future.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much.

Mr. Clifford.

Mr. CLIFFORD. Chairman Mineta and members of the Committee, I am William Clifford, president and chief executive officer of Saint Johnsbury Trucking Company located in Holliston, Massachusetts. Saint Johnsbury is the largest predominately less-than-truckload trucking company operating in the Northeast with annual revenue in excess of $300 million. I have been employed in the trucking industry for 34 years. Since joining Saint Johnsbury in 1968, I have held various corporate positions before becoming president and CEO in 1990.

I appear today, however, on behalf of the Regular Common Carrier Conference, of which I am chairman. The Conference and I appreciate this opportunity to testify on this highway legislation, which is of critical importance to our industry and the Nation.

The Conference is a national trade association composed of approximately 250 for-hire motor carriers with a combined annual revenue of $15 billion. Our member carriers transport commodities of all kinds in less-than-truckload shipments to shippers and communities throughout the United States. They represent the largest segment of the general freight industry and provide service for about 95 percent of that business.

The Conference is separate from but affiliated with the American Trucking Associations. We endorse the statement and testimony of ATA before this Subcommittee, however, we wish to emphasize several issues of critical importance to the less- than-truckload trucking industry.

Generally, we recommend as follows: greater Federal funding and matching ratios than proposed by the Administration; a Federal incentive for all States to establish trust funds which dedicate their revenue to transportation projects; no Federal funding for toll roads; that Congress adopt the recommendations of the Transportation Research Board in its Truck Weight Limits report to allow longer more productive equipment; and no Federal preemption of State economic regulation of trucking.

The Administration's bill establishes a sound framework for legislation to rebuild our Nation's highways, recommends a 5-year highway program, and recognizes a national highway system comprising of about 150,000 miles of highways of national significance. It also calls for the establishment of comprehensive, long-term bridge, pavement, safety, and congestion management programs. Such programs are needed and will improve our highways over time. However, Congress needs to go further in certain areas.

The Federal Government must increase the total amount of its highway program funding beyond the $87.7 billion proposed by the Administration. We recommend that the Federal Government authorize at least $104 billion over the 5-year program. Increased Federal funding for our highways and bridges is necessary to re-

verse the decline in our infrastructure and enhance our Nation's productivity.

Unfortunately, we have been under-funding our infrastructure for years. Time is of the essence. Each day that we delay in committing the necessary funds will only increase the costs in future years. A $3 billion a year increase in Federal funding above that proposed by the Administration is absolutely necessary. It can be achieved and sustained for 5 years by using the projected $16 billion surplus in the Highway Trust Fund.

To those who say the Federal Government cannot afford to spend more, we say that the Nation cannot afford to spend less. There is a direct correlation between our infrastructure and national productivity. If we want to remain competitive in a world market and maintain our standard of living, the Federal Government must spend more on our infrastructure.

Our recommendation is more in line with the House Public Works Committee reauthorization plan calling for a 5-year $119 billion highway program. Under that plan, Federal funding would be raised to $21 billion in fiscal year 1992 and $24.5 billion in each of the succeeding 4 years. It would be funded from the Trust Fund surplus and the receipts from the 1990 fuel excise tax increase.

The Administration proposes to restructure the highway programs, and in most instances reduce the Federal/State funding ratios. Shifting more financial burden to the States is ill-advised and unfair. It is ill-advised since the States have already testified before Congress that they cannot shoulder the increased burden. Being a resident of the Commonwealth of Massachusetts, I can testify that the deficit is close to $1 billion.

It is unfair because they already bear over 77 percent of the costs for our highways. Moreover, their share has been increasing steadily since 1980. We recommend that the Federal Government provide 90 percent of the funding for interstates and all the vital highways on the proposed national highway system. The Administration proposes to provide 90 percent of the funding for the interstates, however, they would provide only 75 percent of the funding for these other critical primary highways.

For urban and rural projects, the Administration proposes to provide only 60 percent of funding. This is a reduction in the current Federal commitment of 75 percent. We recommend that the Federal Government maintain its current 75 percent funding level.

Under the proposed bridge program, the Federal matching share would be 75 percent. We recommend that the current funding level of 80 percent be maintained. These increased Federal matching ratios can be managed under our proposed Federal highway authorization levels.

The Administration proposes to allow the States to use up to 35 percent of their Federal funds to construct new toll roads or toll existing roads. We are opposed to using Federal funds for either new or existing toll roads. The States should have the option to either use Federal funds for construction and maintenance of particular roads, or to forego the Federal funds and use tolls as the means to finance construction, improvements, or maintenance, but not both.

When a State is allowed to use both Federal funds and tolls, motor carriers and other highway users are subject to double taxation. They pay Federal highway user fees and also the State toll fees.

As a basic concept, we support a toll free national highway system. However, tolls can play a role in financing new construction and maintenance that might not otherwise occur. Tolls generally impact vehicle operators in proportion to their road usage, which is appropriate. Thus, local and regional highway users benefitting most from the toll road will pay a higher proportion of the fees. However, when Federal funds and toll fees are both employed, the out-of-State operators are subsidizing State and local road programs through their Federal highway user fees. This is unfair.

We also recommend that Congress provide a financial incentive for all States to establish either a highway or transportation trust fund and dedicate all such revenue to transportation programs. Currently, 34 States have highway trust funds and another 13 States have multi-modal transportation trust funds. The trust fund mechanism has proven to be a fair and effective mechanism to provide revenues for our highway and transit needs. The Federal Government should provide and incentive of all the States to establish trust funds and dedicate the funds to transportation programs.

Unfortunately, a significant number of States divert trust fund revenue to other programs. Currently, 30 States constitutionally dedicate highway revenues to highway programs, 6 states partially dedicate revenues, and 14 States and the District of Columbia have no dedication provision.

While it is difficult to quantify the exact amount of highway user revenue diverted to non-transportation programs, it is likely to amount to billions annually. Our infrastructure can ill-afford to have its precious revenue diverted.

Congress should consider providing full Federal funding under the various highway programs only to those States that comply with the trust fund requirement. Those States that do not comply could be given, for example, 5 percent less Federal matching funds.

Just as our infrastructure must change with time, so must our transportation equipment. The trucking industry and economy have realized significant productivity gains through the use of longer combination vehicles, including triple 28 foot trailers and twin 48 foot trailers. Currently, 20 States allow so-called LCVs to operate on the highways under a permit process, which imposes special requirements on the drivers, equipment, and roads.

This equipment has an excellent safety record. Moreover, it provides significant productivity benefits to the Nation. A national LCV network, administered by the States, would result in annual savings of over $4 billion to the economy. These higher productivity vehicles also consume less fuel, pollute less, and reduce highway congestion.

We call to your attention a bill, H.R. 1226, recently introduced in Congress and referred to this Committee. This bill seeks to undermine the existing grandfather rights of States, eliminating the use of heavier vehicles, including LCVs. TRB has calculated that the elimination of these grandfather provisions would increase truck transportation costs by nearly $8 billion annually, result in nearly

29,000 additional truck accidents annually, and increase truck travel by more than 4 billion miles. We believe H.R. 1226 is contrary to the Nation's needs and objectives.

We urge Congress to adopt the recommendations of the Transportation Research Board in its Truck Weight Limits report. TRB recommends that all States be allowed to establish special permit programs authorizing certain vehicles in excess of 80,000 pounds to operate. The issue is not whether the Federal Government should mandate their use in the States. Rather it is whether the current Federal impediments to their use should be relaxed to allow the States to decide whether their economic, safety, and productivity objectives warrant controlled use. This is a matter for the States to decide.

At a minimum, Congress should make permanent its authorization to the State of Wyoming to allow vehicles in excess of 80,000 pounds to operate on its interstates. The Wyoming Demonstration Project has improved transportation productivity and economic growth without an adverse impact on safety.

Moreover, Congress should authorize other States to establish similar demonstration projects for up to 3 years. Congress could establish minimum requirements pertaining to these vehicles, including gross weight, the drivers, and the carriers to ensure safety. The States would then impose such requirements through a permit process for motor carriers.

These demonstration programs would allow the States and the Federal Government to obtain empirical data on the productivity, economic impact, and safety of such vehicles. Congress could then make an objective decision on the impact of the TRB recommendations.

Last but not least, the Federal Government should not preempt the right of the States to regulate truck transportation within their borders. Currently, about 42 States regulate intrastate trucking. In varying degrees, they license carriers and regulate rates, and other practices, to promote safety, service, stability and fairness. Preemption would undermine the States' policy decisions.

As a practical matter, it is unwarranted because the States are continually reviewing and altering their policies regarding economic regulation to promote the public interest. Many States, particularly the rural ones, believe that effective trucking regulation promotes the service and rate levels necessary for their business climate. Others value its safety benefits and labor stability. They should have the right to chose a system to best fit their needs. Federal preemption is not appropriate.

Mr. Chairman, that concludes my testimony. I will be glad to respond to any questions.

Mr. MINETA. Very well. Thank you very much, Mr. Clifford.

Mr. Bergoffen, on page seven of your statement, you cite an example of rate differences on interstate and intrastate shipments of cherries. You indicate that shipment factors are the same, but that the price is twice as much for the intrastate shipment. Can you give any reasons for the price difference? Has anyone tried to effect a change in regulation within the State of Washington?

Mr. BERGOFFEN. The main reason for the difference is that the rates and routes of intrastate carriers is regulated by the State. In

other words, you would have to have a right of entry from the State. When you do, and you operate intrastate, you must comply with the rate schedule. That must be filed and posted.

Yes, efforts have been made, and they have not yet been successful in the State to eliminate that. Efforts are ongoing in other similar circumstances with varying approaches in the States of Michigan, California, Texas, and a few other States that do regulate rates, routes, and entry.

Mr. MINETA. Have you had any States—I think I just heard an example, which I think was Michigan—where a major company is now pulling all their facilities out of the State of Michigan—I think to have it in Ohio—so that they would then be able to truck to Ohio, and then truck from Ohio into Michigan?

Mr. BERGOFFEN. I don't know that there is a specific example there, but there is one I know a little closer to your home where people set up warehouses in Nevada so that they can effect interstate shipments as private fleets, or as leased fleets, and make the most efficient use of the logistics system. They could realize even more savings if they didn't have to do this routing. Additionally, it would probably benefit the State of California through more warehouses and more trucking within the State.

Mr. MINETA. We had an inventory tax in California that really did more to forcing the construction of warehouses in Nevada, but just within this last week sometime I was talking with one of your private truckers who said that they were pulling out of—oh, I know who it was. It was Georgia Pacific.

Georgia Pacific is pulling everything out of Michigan and putting it in Ohio because it would be less costly for them to do their shipments into Michigan than to keep their facilities. It seems to me that the State Legislature or the Governor ought to be responding to something like that.

Mr. BERGOFFEN. We would hope so. Logistics are a very important part of a company's total business advantage or competitive advantage. They're all looking for the most effective way to minimize their transportation costs. I think States ultimately would benefit in the long run if they eliminated these artificial barriers.

Mr. MINETA. We've heard from the National Governors Association about this whole issue of the preemption on the basis of what you call uniformity, and they don't want the collection of those registration fees and fuel taxes to by-pass them.

Could you give us an estimate of how much the current system costs the industry that you represent, and how does the bingo card requirement apply to private carriers?

Mr. BERGOFFEN. The bingo card requirement applies to any interstate carrier who has authority, private or for hire. I would go along with the estimate that American Trucking Associations has made that at least $1 billion a year is spent just to comply with the lick 'em and stick 'em and buy 'em and put 'em on.

The National Governors Association has really been a leader in promoting uniformity to this point. They have I believe an eight point program to effect uniformity among the States. It's a little puzzling when we get up to the brink and are able to get to the water that we can't get them to drink.

I would like to stress, though, that with respect to safety, the total trucking community is fully behind the motor carrier safety assistance program and other safety inspection programs. With respect to funding, it's not a question of paying our fair share, but rather a question of how efficiently that is done. We have registration fees, fuel taxes, and we would go along with some kind of proposals that would in effect hold the States fail safe in terms of funding, if that's what it takes, to make sure that we can eliminate their resistance or their concern about this.

Ms. BATTS. Mr. Chairman, if I can add to that, in terms of the International Fuel Tax Agreement and the International Registration Plan, the States do not lose any money. In fact, when Connecticut joined the International Registration Plan they were concerned that they would lose money. When they joined the program, and when they counted up the tax collections at the end of the year, they gained $1 million. Because it was easier for truckers to comply, the State collected more tax dollars.

The only place that the States will lose money is on bingo stamps. They're collecting $50 million from the trucking industry, but they're not using the money to regulate the trucking industry. They're using the money to regulate the other industries. Nobody is regulating whether a carrier has interstate authority in specific States because everybody now has 48 State authority.

There are, however, 12 States that use the proceeds of these funds to help fund their motor carrier safety assistance program. We will go hand in hand with the National Private Truck Council to those individual States to increase the registration fees to make up that money. We pay $50 million for these stamps and it costs us $250 million to lick and stick them. That's the most inefficient tax collection system in the country. It should not be allowed to continue.

Mr. MINETA. When you look at it from a State perspective, it seems to me that their controversy is between their public utilities commission and their departments of motor vehicles.

Ms. BATTS. That's true, but unfortunately, we're paying the dollars.

Mr. MINETA. And you're getting caught up in the crossfire between the regulatory agency and the departments of motor vehicles of all the States.

Ms. BATTS. Yes, but the bingo program is a Federal program. It is a creature of Public Law 89–170. This came about because of Federal law, therefore it is the responsibility of the Federal Government to get rid of this system.

Mr. MINETA. On page 11 of your statement, I was noticing that you were making reference to the European road system as being better. Is it also more costly?

Ms. BATTS. The European road system is more costly up front. What they have opted to do is minimize their life cycle costs, not their up front costs. As a result, they develop a system in which the roads last longer. They build the roads better.

It's too bad that question wasn't asked of Les Lamm or the AASHTO people who were before you earlier because they took the study trip to Europe. They came back from that trip and said, "Yes, they do indeed build the roads better in Europe, they build

them to last longer, they minimize the life cycle costs, and they do allow heavier trucks."

Mr. MINETA. In terms of the need for improving our accident data collection, does ATA believe that we should go ahead and do that?

Ms. BATTS. I'm glad you asked me that.

A study on data requirements truck safety was done by the Transportation Research Board. The initial funding came from the American Trucking Association, the Motor Vehicle Manufacturers Association and others in order to look at the question of truck data. We urge that there be more truck data. We only hope that when the data comes through, that those people that are opposed to LCVs will then step up to the bar and support them, because the data will show longer combination are more productive and safer vehicles.

Mr. MINETA. On page eight of your statement, you state that new taxes are not needed at this time to fund increased expenditures. Is there any circumstance that would cause the ATA to change their opinion as to the need for new taxes?

Ms. BATTS. Mr. Chairman, I've been in this town for 18 years, and I learned a long time ago to never say never, but I'm hard pressed to think of the circumstances under which we would support an increased fuel tax. We were asked to pay 5 cents last year, and we gave that. None of it is going into the highway system. Spend the 5 cents you got last year. Don't ask us for an additional 5 cents.

Remember, we're going to paying more in highway taxes anyway because of the States, because of toll roads, because of the energy policies that are being discussed today, and because OPEC will raise fuel prices sometime.

Mr. MINETA. That's right, and we're all going to be rebuilding Kuwait on that basis.

Ms. BATTS. That's a different hearing. [Laughter.]

Mr. MINETA. In your testimony, the ATA seems to take what I would consider dramatically opposing positions relating to States' rights and preemption. As it relates to permitting for overweight and intrastate economic regulation in allowing LCVs, do you propose individual States be allowed to decide the issue? On the other hand, for State registration and tax issues, you've proposed Federal preemption. I was just wondering how you rationalize the two distinct positions in these two different areas.

Ms. BATTS. Mr. Chairman, I think this Committee and certainly the Federal Government's interest is in how to promote interstate commerce and how to reduce the cost for interstate commerce. Our position is to supporet the International Registration plan, and the Fuel Tax Agreement because they will reduce the cost to interstate commerce.

The question of intrastate regulation is just that. It is intrastate traffic. It is not the purview of the Federal Government. The fact that it may be hauled by interstate carriers is irrelevant. It is intrastate traffic. I don't think there's anything to rationalize. It's two separate issues.

Mr. MINETA. The National Private Truck Council points out in their testimony that there is a price difference of twice as much

between interstate and intrastate shipments in some cases. How widespread is that problem in the States?

Mr. CLIFFORD. Mr. Chairman, the RCCC represents primarily the less than truckload carriers. In many States, there can be a disparity, but that disparity can be higher, lower, or in many cases the same. It's really a difference of cost in competition. For instance, in some of the smaller States, a smaller company that has a one terminal operation wouldn't have the cost of line hauling between terminals, the over-the-road costs, or the rehandling costs that a larger carrier might have. Therefore, they can structure their pricing differently.

So it's really a factor of cost in competition and really not the regulatory portion of it.

Mr. MINETA. Mr. Clinger.

Mr. CLINGER. Thank you, Mr. Chairman. I thank the panel for their testimony.

Ms. Batts, you have indicated that the bingo system is anathema to you, inefficient, outmoded, antiquated, and all those good things. Obviously it would represent a tremendous loss to the States, presumably, if it's done away with. Is there a way in which this could be done that would meet with your approval? In other words, is there some way to do this without the owner's burden that it imposes upon you?

Ms. BATTS. Congressman Clinger, we have been meeting with the National Associations of Regulatory Utility Commissioners for the last 4 years trying to reach some compromise. Those discussions went nowhere. They are wedded to the lick 'em and stick 'em.

If what they were doing with the money had anything to do with truck transportation—except those 12 States that use it for highway transportation—it would be a different story. But they don't even use the money to deal with motor carriers. They use it to deal with telecommunications, electrical utilities. Tax the industries that they're regulating. Don't tax the industry they're not regulating.

As I said, in the 12 States where they're using the money for roadside inspections as part of the motor carrier safety assistance program, we will go to those States and we will work with those States to raise their registration fees in order to pay for that increased cost. But under that system, we don't end up paying $5 to give them $1.

We have worked with NARUC. They were not willing to compromise.

Mr. CLINGER. The Administration's proposal gives trucks basically access to the entire 150,000 miles of highways of national significance network. It occurs to me that that might be excessive. Is there a circumstance under which you think there should be some limitation on trucks in that entire 150,000 mile system?

Ms. BATTS. We certainly think that where a State or a locality can demonstrate that there is a safety problem with those vehicles they shouldn't be allowed. But it must be a situation where a State can demonstrate there is a safety problem. Currently that's the process on the Designated Highway System. Now that DOT has finally come through and issued their final regulations, 8 years after

the law was passed, with the exception of a few States, it is working well.

It is important, therefore, in the Administration's proposal to also include the 4th R, rehabilitation, so that where for example, an interchange that cannot accommodate these vehicles, that interchange can be rehabilitated. We know that some of that money ends up going to rehabilitate interchanges for a local mall. I guess I would have to accept that in order to get the 4-R money also going to those interchanges to upgrade them.

Certainly, as we go into the 21st century, we must use money to rehabilitate roads to meet the trucks of the 21st century and not the trucks we were driving 50 years ago.

Mr. CLINGER. Mr. Bergoffen, only a few States have not joined the international registration plan and the international fuel tax agreement continues to grow. Is there a way to encourage greater participation, in your view, in these plans without preempting the States?

Mr. BERGOFFEN. We would certainly go along with incentive programs. In a sense, the bill has one through the support of the Commercial Vehicle Information System, the technology funding that would support it. Additionally, there are projects like the intelligent vehicle highway system, which encourages technology.

In addition to that, as I said earlier, whatever it takes. I think we need to create an element of trust. We need to understand the Governors' concern and of course they have to deal with several agencies within their State that have their own viewpoints. But whatever it takes, if it takes an incentive approach rather than a mandatory approach—and it looks like that's going to work—we could look into it.

Mr. CLINGER. You've indicated your support for increased motor carrier safety assistance program funding.

Mr. BERGOFFEN. Definitely.

Mr. CLINGER. You also support the proposal to use MCSAP inspectors for overweight truck enforcement.

Mr. BERGOFFEN. We go along with the Administration's approach on this, yes. They are doing that in some cases now. This formalizes it and it also provides increased funding for that purpose and identifies it. It wouldn't be essential, but it provides emphasis, and those are the areas of emphasis that we agree with.

Ms. BATTS. Mr. Clinger, if I could add using the motor carrier safety assistance program to inspect overweights is a good idea so long as it doesn't replace current State tax dollars that are already being used for overweight enforcement.

What we would like to see is new enforcement at non-fixed facilities where truckers are trying to by-pass fixed weigh scales, or places where there are specific problems. Let's use that increased MCSAP funding for increased weight inspection, not just to replace the dollars that are already being used.

Mr. CLINGER. But we do use them for drug interdiction, for example.

Ms. BATTS. Absolutely. It already is being done. The only question is to make sure that the inspectors are properly trained to recognize drug abuse. There are some long programs and short programs, but there are programs to train inspectors. Absolutely we

would support that. We also support the concept of drug-free truck stops.

Mr. CLINGER. You do?

Ms. BATTS. Absolutely.

Mr. CLINGER. Thank you very much.

Mr. MINETA. Let me thank the panel very much for their presentation here today. We appreciate it.

[Ms. Batts' prepared statement appears on page 1197.]

[Mr. Bergoffen's prepared statement appears on page 1264.]

[Mr. Clifford's prepared statement appears on page 1459.]

Mr. MINETA. Now I would like to call forward Keith Bissell, Commissioner of the Tennessee Public Service Commission, representing the National Association of Regulatory Utility Commissioners. Mr. Bissell, if you would introduce your colleagues, we would appreciate that as well.

Your statement will be made a part of the record. You can go ahead and make your abbreviated oral presentation.

**TESTIMONY OF KEITH BISSELL, COMMISSIONER, TENNESSEE PUBLIC SERVICE COMMISSION, REPRESENTING THE NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS, ACCOMPANIED BY PAUL RODGERS, ADMINISTRATIVE DIRECTOR, AND GENERAL COUNSEL; CHARLES D. GRAY, ASSISTANT GENERAL COUNSEL; AND KATHRYN FALK, ASSISTANT DIRECTOR OF CONGRESSIONAL RELATIONS**

Mr. BISSELL. Thank you very much. I'm happy to be here today representing the National Association of Regulatory Utility Commissioners with our general counsel and executive director, Paul Rodgers and Chuck Gray on the staff and Kathy Falk.

I am Keith Bissell and I am the commissioner of the Tennessee Public Service Commission and a member of the Executive Committee of the National Association of Regulatory Utility Commissioners, commonly known as the NARUC, on whose behalf I appear here today.

NARUC members regulate the intrastate rates and services including safety of motor carriers of freight and passengers. In addition, under Public Law 89-170, we require interstate motor carriers to register their operations, provide proof of insurance, and designate local agents for the service of process.

If enacted, the legislation being considered here today would have a substantial, direct, and damaging impact on the State regulation of intrastate motor carriers and the enforcement of lawful interstate operations. Indeed, the provisions of this legislation leave little doubt as to their purpose: to abolish State economic regulation of intrastate motor carriers regardless of the policy decisions of State Legislatures; to limit the ability of the States to impose fees upon the carriers that profit from the use of State-provided highways and other facilities; and to undermine the ability of the States to ensure that carriers operate safety, lawfully, and in a financially responsible manner.

NARUC must strongly object to this plan to move regulatory policy-making from the State to Federal Government. First, traffic patterns vary greatly from State to State. Low volume markets will

have difficulty attracting adequate truck service without intrastate regulation. This could greatly increase the isolation and reduce economic opportunities for many of our small rural communities.

Second, many States believe that there is a direct link between economic regulation and carrier safety. In Tennessee, for example, we perform a thorough safety audit of every carrier seeking new authority and condition that grant of new authority, or increased authority, on full compliance with the Federal uniform safety regulations. These laws would preclude our commission from using this most effective tool to ensure safety.

We are also in the process in Tennessee of working with our intrastate regulated carriers to develop a safety rating program, which would include a full safety audit, equipment inspection, and analysis of road-side inspections. It would not be possible to develop such a program if intrastate regulatory requirements were eliminated.

The enactment of this legislation would repeal Public Law 89-170 and deprive the States of millions of dollars that are now being used to enforce safe and lawful carrier operations.

Tennessee has one of the toughest and best truck safety programs in the country. We have 143 safety inspectors that perform over 125,000 comprehensive safety inspections each year. We also have six drug dogs and a special safety audit team. We have breathalyzers at our major inspection station. Over the last 3 years, we have made over 1,000—on the average—drug and alcohol related arrests each year in our State.

Ladies and gentlemen, our program works. In 1985, we began expanding our truck safety program. Since 1987, we have reduced the number of deaths related to big truck crashes in Tennessee by one-third. In 4 years, we have reduced the number of people killed in Tennessee as a result of big truck crashes by one-third. The fact is that this program would be placed in serious jeopardy if Public Law 89-170 is repealed.

Over 60 percent of the $6 million required to fund Tennessee's safety program and economic enforcement program comes from revenues generated by this law. Federal grant funds from the motor carrier safety assistance program would only provide I believe about $1 million in Tennessee a year. The remainder of our funding comes from fines that we implement or impose against unsafe truck operations.

These bills would also implement a policy that converts intrastate carriers to interstate operators and remove all operations from the reach of State enforcement. There would be no new Federal inspectors to perform the functions. This legislation is a formula for unleashing—in my mind—a wave of uninsured unsafe carriers on the Nation's highways. Further, so long as Congress refuses to have the ICC issue certificates of permits to interstate carriers, the requirement should be enforced, or the law becomes a mockery.

I think that we all know that the primary reason that there is a provision before you to repeal Public Law 89-170 is because the big carriers are unhappy with the current registration system that requires them to deal with many States rather than just one. NARUC also recognizes that in today's environment, this is a

costly and time-consuming process. However, we don't believe that the answer is to repeal the law. Rather, NARUC proposes to amend the law to strengthen State safety enforcement, improve State accountability, and reduce the administrative burdens on the trucking companies through the implementation of a base State registration program.

I want to tell you here that just last year I was in a meeting of representatives of the American Trucking Association where we agreed as a group, subject to approval of our Executive Committee, to implement this base State program, but the ATA representatives would not agree to that. This way you would register in only one State and that State would assume the burden of sending the necessary information to other States, along with the fee.

The proposed amendments would ensure that all fees collected by the States under the program would be used for motor carrier enforcement purposes. It would ensure that. It would be a part of the act. It would have to be used for motor carrier enforcement purposes. It would authorize the ICC, or another agency designated by this Committee, to audit these funds, the use of these funds, and make sure that they were used for motor carrier economic or safety regulation.

While these provisions will greatly improve the program from the standpoint of the trucking companies while allowing the States to continue to effectively enforce Federal and State regulatory requirements, they address a concern that some States may use these registration revenues for programs other than the enforcement of motor carrier regulations.

Second, the establishment of a base State registration program would greatly reduce the administrative and paper work burdens on the industry.

In closing, on behalf of Tennessee and all the members of the National Association of Regulatory Utility Commissioners I would like to urge you to take a pragmatic and realistic approach as you examine this legislation. We at NARUC are anxious to work with you and the trucking industry to continue the progress that we have made to date. It is critically important that you remember, however, that the enforcement effort represented by the States cannot be replaced by the Federal Government. The ultimate losers are your constituents and mine.

Thank you.

Mr. MINETA. Thank you very much, Mr. Bissell.

Commissioner, do you know the number of States that now use the bingo card proceeds exclusively for motor carrier functions, such as enforcement of safety laws?

Mr. BISSELL. No, but I am aware of the fact that many of them do not. I can certainly say that the State of Tennessee does use all that money for economic and safety regulation. But our amendment that we're proposing to this Committee would require them to use all proceeds, and set up an audit provision to ensure that, for either economic or safety regulations.

Mr. MINETA. And if the Committee adopted NARUC's proposal for bingo card, could you estimate how much of the $250 million the trucking industry would save?

Mr. BISSELL. I don't know where they got that number, but let me say that under the base State approach, where they would register with only one State and pay all their fees to that one State and leave the burden of distributing that money to the other States to their base State, I think it would save a substantial amount of the current cost of that program.

Mr. MINETA. How do the States check and enforce insurance requirements and service of process requirements with motor carriers that are not covered by Public Law 89–170?

Mr. BISSELL. Your question again, sir?

Mr. MINETA. How do the States check and enforce insurance requirements and service of process requirements with motor carriers that are not covered by Public Law 89–170?

Mr. BISSELL. Many States have mirrored the same requirement for contract and common carriers that is required under Public Law 89–170 and some other program where they require the same information from private carriers. But we certainly would not object to compelling private carriers to also comply with Public Law 89–170 in this same regard.

Mr. MINETA. Mr. Clinger.

Mr. CLINGER. Thank you, Mr. Chairman. I have no questions.

Mr. MINETA. Congresswoman Norton.

Ms. NORTON. I have no questions, Mr. Chairman.

Mr. RODGERS. Mr. Chairman.

Mr. MINETA. Yes, Mr. Rodgers.

Mr. RODGERS. I just wanted to add that I don't see how this $250 million figure was arrived at by ATA. We should keep in mind that the Public Law 89–170 program has been around for 25 years, and the lick 'em stick 'em part has not changed in that 25 years. I don't think that the truckers have been making that kind of expenditure because I'm sure that this is the first time this Committee has ever heard that figure or that strong complaint.

Mr. MINETA. Right.

Mr. RODGERS. So I think it's an exaggerated figure. That's the reason that we have moved to get rid of the cab card and the lick 'em and stick 'em and switch it to a base State concept to avoid that argument, which of course apparently will save them $250 million, if you believe their figure.

Mr. MINETA. Commissioner Bissell, are there any other taxes that are being assessed against other commercial ventures as they are with the bus and truck areas by the State? Are there any other kinds of fees or other kinds——

Mr. BISSELL. In Tennessee we have a railroad safety inspection fee that the railroads pay us for the safety program that we implement in our State and other regulatory responsibilities.

Mr. MINETA. Do pipelines have anything imposed on them?

Mr. BISSELL. Pipelines have the same type of fee in Tennessee and the utilities have the same type of fee. I feel relatively certain that many States are like Tennessee. We are required to adjust these fees periodically and not one time in the 13 years that I've been a State-wide elected commissioner in Tennessee has the industry taken issue with paying their fair share. This year before the Legislature we have a bill to increase the rail fee. The railroads accept it because they realize that it's their just cost.

So I think this same fee structure is also applicable to other industries in most States.

Mr. MINETA. Very well.

Commissioner Bissell, we appreciate very much your testimony here on behalf of NARUC. Mr. Rodgers, Mr. Gray, and Ms. Falk, it was great to have you here with us as well.

Mr. BISSELL. Thank you, sir.

[Mr. Bissell's prepared statement appears on page 1279.]

Mr. MINETA. I would now like to call on Mr. Vernon McDougall, Acting Director of Safety and Health of the International Brotherhood of Teamsters.

You may begin. Your statement will be made a part of the record. Please also introduce your colleague.

**TESTIMONY OF VERNON McDOUGALL, ACTING DIRECTOR, SAFETY AND HEALTH, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, ACCOMPANIED BY NORMAN WEINTRAUB, CHIEF ECONOMIST, INTERNATIONAL BROTHERHOOD OF TEAMSTERS**

Mr. MCDOUGALL. Thank you, Mr. Chairman.

With me today is Norman Weintraub, Chief Economist for the International Brotherhood of Teamsters. I am pinch-hitting today for Vice President and Freight Director R.V. Durham. He regrets that he could not be here this afternoon, but he had to fly to a previously arranged meeting regarding the ratification of our National Master Freight Agreement.

Mr. Chairman, I would just like to highlight with a few words three of the specific topics that we addressed in our detailed written statement, that I know are of great interest to this Committee: longer combination trucks; the Motor Carrier Safety Assistance Program; and intrastate deregulation.

The Teamsters' position on trucking deregulation has been stated several times before this Committee over the years. Deregulation has produced numerous trucking company bankruptcies, mindless price-cutting, forced early retirement, and unemployment for thousands of Teamster members.

The Administration's bill and H.R. 1064 would extend the ills of deregulation to intrastate trucking. We urge you to reject these ill-advised proposals.

Mr. Chairman, if you increase truckers fuel taxes, they have to find off-setting cost savings somewhere. This year, the industry's response, as you have heard, to the prospect of higher fuel taxes is productivity increases. Above all else, what they're really talking about here is bigger trucks. Elements of the trucking industry are plotting to expand the use of triples and turnpike doubles throughout the country. The Teamsters Union opposes any expansion beyond those States in which these trucks are now permitted.

Mr. Chairman, you will hear a great deal about the safety record of longer combination vehicles. Primarily, these vehicles now operate on lightly traveled highways. That same safety record will not be possible in States where there is more traffic, and highways may not be as modern. The handling characteristics of these trucks, which can be forgiven to an extent on wide-open, lightly

traveled roads, will pose a greater safety risk in more demanding environments where there is less margin for error.

One of these safety problems is rearward amplification. This is the kind of "crack the whip" effect where a small steering adjustment in the tractor is amplified with each trailer that follows it. This has been a safety issue with twin 28s, the standard twin tractor trailers that are on the road today. We have negotiated safety language on that in some of our contracts. This effect is much greater in triples.

Many tractors used to pull triples today do not have enough power to maintain the minimum speed on grades. This, too, will be a greater problem if longer combination vehicles are allowed into more densely populated States.

Mr. Chairman, brakes are a critical safety factor on all heavy trucks. The longer the vehicle and the more trailers, the more difficult brake maintenance is for the entire combination. Anti-lock brakes on both tractors and trailers are something that could reduce the safety concerns related to brakes for longer combination vehicles. But we are not optimistic that those who are seeking productivity increases would be willing to make the necessary investments.

Mr. Chairman, over the past few years, we have seen the truck size limits of the Surface Transportation Assistance Act almost completely undermined. The STAA provided a uniform trailer length of 48 feet. But today almost all States allow 53 foot trailers, at least. Shippers and trucking interests were able to go to State Legislatures one by one and achieve a kind of domino effect by using economic blackmail. These States were threatened with loss of business and jobs because shippers would locate in States that allowed 53 footers.

This is the same kind of approach that we can expect to see in the next few years, except that the object of industry's desire will be triples and long doubles. Please do not give the States the burden of trying to deal with these demands one at a time.

Mr. Chairman, the Motor Carrier Safety Assistance Program, MCSAP, is one of the biggest success stories in recent truck safety legislation. The Teamsters Union is proud of our consistent support for this program. We hope the Congress will provide additional funding to increase the number of roadside inspections across the country.

We know that there is some sentiment for giving MCSAP new tasks different from those at which it has proven so effective. This troubles us a great deal. If Congress wants more traffic enforcement, or more drug enforcement, those should be funded separately.

We see a role for MCSAP in enforcing certain commercial driver's license requirements. However, as MCSAP expands its look at the driver, we must remind you that the driver is only an extension of the motor carrier. We urge you to keep the enforcement on the motor carrier. Do not let an expansion of MCSAP slip into something that becomes punitive to drivers.

Mr. Chairman, we support DOT's efforts, through the MCSAP funding process, to get States to enforce safety regulations for intrastate trucking that are compatible with the Federal Motor

Carrier Safety Regulations. But sometimes when a State balks, DOT does not always use its funding leverage to get them to come into line.

In California, for example, intrastate drivers are allowed to drive 12 hours per day. They are allowed 16 hours on duty, and unlimited time on duty per week. The State has made almost no effort to come into line, and DOT has not pressed the issue very hard.

We also take issue with DOT's willingness to accept for intrastate drivers 12 hours of driving time instead of 10 for interstate drivers. That is more than just a technical difference. That is a safety hazard.

Mr. Chairman, there has been a little confusion in some circles about whether we are affiliated with another organization that appeared before you earlier today, the CRASH organization. I would just like to take this opportunity to clarify that we are not an affiliate, member, or associate of that group.

Mr. Chairman, that concludes my testimony today. Thank you for giving us this opportunity to share our concerns with you. If you have any questions, I will do my best to answer them.

Mr. MINETA. Thank you very much, Mr. McDougall, We appreciate your sitting in for Mr. Durham.

On page 6 of the testimony it says that the Teamsters have "negotiated safety language in our National Master United Parcel Service Agreement and our National Master Freight Agreement to reduce the problem of rearward amplification of twin 28 foot trailers."

Could you tell us what that language is and why it was inserted in these agreements?

Mr. MCDOUGALL. There are two aspects of the language. One has to do with placing, to improve the handling in general of twins or LCVs, the heavier trailer of the two in front in the combination. That improves the control and handling of the whole combination. We negotiated that in both the UPS agreement and in the National Master Freight Agreement. There is language in there about short hauls because the carriers want to have some flexibility on very short hauls to put the heavier trailer in the rear. But under our agreements, if handling problems then become evident to the driver, he has the authority to stop and have the trailers swapped around.

The other thing we've done to improve the handling of the twins a little bit is to put language in the new National Master Freight Agreement about snubbers, or slack adjusters that take some of the looseness out of the pintle hook connection in the doubles. Those devices are on the truck, but they don't always operate well. We put in language in our safety provisions to enforce the maintenance of those devices.

Mr. MINETA. In your statement, you discussed the state of hours of service laws and their relationship to driver fatigue. Have the Teamsters initiated any efforts to have the State Legislatures change those laws?

Mr. MCDOUGALL. I understand from our locals in California that they have taken this issue to the State Legislature on more than one occasion in recent years, and that they haven't met with very much success.

Mr. MINETA. But there are no limitations, you say, on the total number of hours per week that they are able to— there is no limitation on the maximum number of hours on a weekly basis.

Mr. MCDOUGALL. That's correct.

Mr. MINETA. Do you have any statistics on any accidents that have been caused by this kind of driver fatigue?

Mr. MCDOUGALL. No. Like Ms. Batts, we do not have very good truck safety data in a lot of areas. We have no specific statistics. We have a lot of anecdotal information because, basically, what happens is that we get our members in intrastate commerce simply complaining to their Locals that they are being put in a position that they consider to be hazardous.

Mr. MINETA. Thank you very much, Mr. McDougall. We appreciate your being here.

Mr. MCDOUGALL. Thank you, Mr. Chairman.

[Mr. Durham's prepared statement appears on page 1884.]

Mr. MINETA. At this time I would like to call on David G. Burwell, President, Rails-to-Trails Conservancy, Surface Transportation Policy Project.

Mr. Burwell, your statement will be made a part of the record, so you may go ahead and proceed in an abbreviated fashion.

## TESTIMONY OF DAVID G. BURWELL, PRESIDENT, RAILS-TO-TRAILS CONSERVANCY, SURFACE TRANSPORTATION POLICY PROJECT

Mr. BURWELL. Thank you, Mr. Chairman.

My name is David Burwell. I am president of the Rails-to-Trails Conservancy. RTC is a nationwide, non-profit organization that seeks to preserve the more than 150,000 miles of abandoned railroad corridor throughout the country as trails and greenways, and for possible future rail use. As a Nation, we simply cannot afford to allow our built rail system, built at an enormous cost in lives and money—much of it public—to wither away from neglect. We urge you to address this important issue in this reauthorization bill.

Equally important, I also appear on behalf of the Surface Transportation Policy Project, STPP, which is a broadly-based network of concerned organizations including public agencies, non-profits, and private companies involved in issues of transportation, energy, environment, planning, design, and community preservation. The steering committee of the STPP is listed on the first page of our testimony. We represent over 100 organizations now and I would be glad to submit a full list of our participants to this Committee, if desired.

Basically, the purpose of the STPP is to develop a broad package for transportation reform that seeks to establish a transportation program based on performance rather than on any particular modal solution. We feel that our transportation program should be based on what we call the 4- Es of performance goals for transportation. These 4-Es are: energy efficiency; a strong economy; environmental quality; and enhanced communities.

We feel that, although the Administration's bill does have some good initiatives in it, it does not go far enough to promote a performance-based program such as we would endorse. More specifi-

cally, we oppose the proposal for the creation of a national highway system, a system that will—under the Administration's bill—be assigned over 60 percent of all the highway authorizations in this bill.

We oppose it for two reasons. First, we do not feel that it will apply the funds where the needs are in our transportation system. Our calculations indicate that under the Administration's proposal Alaska will get approximately $400 per capita in transportation assistance, while your State of California will get approximately $25 per capita in transportation assistance. We feel that this is not applying the dollars where they are most needed.

Second, the Administration's bill imposes the burdens of transportation construction unduly on regional and local governments. We feel that the funding and the authority for planning should be directed and delegated more to the regional and local levels because these are the folks that have to solve these sticky problems, as Mr. Jim Beall and Lilla Richards from the National Association of Regional Councils indicated this morning.

Our proposal is included in a document called, "Acting in the National Interest: The Transportation Agenda", which has been submitted to this Committee and which we request to be made a part of the record. It is a comprehensive program of transportation reform. I would like to simply give you just a few highlights.

First, on the funding side, the STPP proposal creates a dedicated highway program of $36.7 billion, which primarily involves 3R and completion funds for the interstate system. It also creates a dedicated transit fund of approximately $26.6 billion, $10 billion over the Administration's proposal.

The remainder of the program would be approximately $50 billion in flexible funding that would go for two programs, one of which is the metropolitan mobility program, equivalent to the urban program, and a second program promoting rural access. Together these programs would be administered on an equal basis for new construction and reconstruction money in these areas. Our proposal also would withhold 10 percent of metropolitan mobility money for projects that promote clean air, growth management, transportation enhancement, and which would reduce VMT growth.

Second, the proposal equalizes funding ratios across all modes, 75 percent for new construction and the 4th R, reconstruction, and 90 percent for operational and management improvements.

Third, our proposal creates a performance-based planning program based on the 4-Es—which I mentioned earlier—which would require State plans based on these performance- based goals, and would also require regional governments, in cooperation with local governments, to establish long-range plans and transportation improvement plans that implement these substantive goals. There would also be resource constraints with the idea that a project, once it was in a Transportation Improvement Program (TIP), would have a chance of being implemented.

Finally, we would also increase planning funds substantially at the regional level, increasing HPR funding from 1.5 percent to 2 percent of apportionments, and PL funding from .5 percent to 1.5

percent. We would also set transportation planning at 1.5 percent of total apportionment.

As I mentioned earlier, the transit funding would be $10 billion over the Administration's bill, and it would restore transit funding to approximately the 1980 levels.

We would also support a change in the apportionment formula. We oppose the Administration's proposal where apportionments are based on the amount of fuel consumed. This simply encourages and rewards States that burn more fuel to get more money. We think an apportionment formula should be created that encourages States to reduce VMT, perhaps based on a VMT index, that would give a bonus apportionment to States that reduce VMT per capita.

Finally, there are particular sections of the Administration's bill that we do support, particularly their billboard control provisions. We do support the provision that no new billboards should be built on the interstate and primary systems. We support restoration of State amortization authority for existing billboards, and we would add a provision preventing tree cutting on the Federal Aid system solely for billboard visibility.

We also support the scenic byways provisions of the Administration's bill, and we feel a scenic byway program should focus on protection, not new construction, it should qualify Federal funds for scenic easements, and it should establish national eligibility standards for operation, management, signage, and resource protection.

That is my testimony, and I would be glad to answer any questions you may have.

Ms. NORTON [assuming chair].

Thank you very much, Mr. Burwell. I would like to ask you a couple of questions.

It appears that your proposal would mean that 69 percent of the flexible fund would go to urban areas over the life of the bill. Can you tell the Committee how you arrived at this percentage?

Mr. BURWELL. The amount of money assigned to the metropolitan mobility program, $34.5 billion, is established by basically taking the Administration's total pot of money for highway construction—which was about $87 billion—dedicating the amount needed to complete the interstate system and maintain the interstate system, using the Administration's figures, to those programs, plus some minor Federal programs like the Federal LANDS program. That came to $36 billion. We then took the amount needed for transit, at the Administration's level of $16.3 billion, added the $2 billion per year presently apportioned under section 9, formula grants, and set those aside as dedicated funds as well.

This left $50 billion remaining in the pot. We divided that up between the metropolitan mobility program and the rural access program. Basically, that was the rest of the money that was available, consistent with our proposal that all funding, to the maximum extent possible, should be flexible. It would have equal funding ratios of 75 percent for new construction and 90 percent for management. So the way those numbers were reached was simply by minimizing dedicated funds on both the transit and the highway side and putting the rest of the money into these flexible pots.

Ms. NORTON. Thank you.

Would you share with the Committee how you envision the State DOTs interacting with the metropolitan areas in order to generate a State-wide coordinate transportation planning and construction effort?

Mr. BURWELL. That's a very good question, and it's a crucial one. It addresses the planning proivisions in our proposal.

We propose that the State transportation agencies establish a State-wide transportation plan. Most of them do have such a plan right now called a 105 program of projects. However, it doesn't have any substantive goals. It's basically an accumulation of all projects that are in the pipeline. We would require that the States establish performance-based goals—clean air, clean water, community enhancement, mobility, safety, connectivity of projects within the State—and they would also be required to include in those plans the long-range plans established by the MPOs within each State.

So the States would not be free to simply ignore the plans created by the MPOs within their jurisdiction. Instead, it would be a conversation in which the State DOTs would sit down with the MPOs, incorporate the MPOs plans, and meld those with the State-wide objectives.

We also feel that the development of a State-wide transportation plan should be coordinated with other non- transportation agencies in the State including any State planning agencies and State environmental agencies that also have interests that are affected by transportation programs.

Ms. NORTON. Thank you very much, Mr. Burwell. I very much appreciate that excellent testimony.

Mr. BURWELL. Thank you.

[Mr. Burwell's prepared statement appears on page 1314.]

Ms. NORTON. I would like to call the next panel. Mr. Derrick A. Crandall, President, American Recreation Coalition, and Mr. Roy W. Muth, President and CEO, International Snowmobile Industry Association.

We have your statement as part of the record. I ask you to keep your remarks brief in light of that.

## TESTIMONY OF DERRICK A. CRANDALL, PRESIDENT, AMERICAN RECREATION COALITION; AND ROY MUTH, PRESIDENT AND CEO, INTERNATIONAL SNOWMOBILE INDUSTRY ASSOCIATION

Mr. CRANDALL. Thank you, Madam Chairman. I am Derrick Crandall with the American Recreation Coalition, and I'm here to talk about perhaps a good way to come to the conclusion of a long day of testimony. I'm here to talk about some of the wonderful opportunities to see America through our road network.

For 2 years, I had the privilege to serve on the President's Commission on Americans Outdoors, chaired by then Governor Lamar Alexander, now our Secretary of Education. Our panel included four distinguished members of the Congress, Senators Johnston and Wallop as well as Representatives Udall and Vucanovich. We conducted hearings across the Nation and asked people about their desire for opportunities to enjoy their leisure time outdoors and

looked for creative ways to making this quality opportunity base available through private and public efforts combined.

One of our core findings was that most Americans now live urban existences, yet seek ways to escape these environments during their leisure hours. We found that driving for pleasure and sightseeing from motor vehicles stood near the very top of the list of preferred recreational activities. In this regard, the results of our 1986 study differed little from a string of Federal surveys conducted since 1960.

However, little effort was underway by either transportation or recreation agencies to make this type of highway use more enjoyable. The commission called for new efforts by Federal, State, and local agencies and the private sector to identify, improve, and protect the roads that give travelers the real taste of America through scenic byways programs.

The commission's recommendation was warmly received by a large number of organizations, including the American Recreation Coalition. In fact, more than 30 national and regional organizations have now banded together to define an appropriate national scenic byways program, holding 3 national conferences and working closely with interested members of Congress and the Federal Highway Administration. We took an active role in the National Scenic Byways Study undertaken by the Administration, and generally applaud its findings and recommendations.

Our enthusiasm is matched by that of numerous Federal and State agencies. The United States Forest Service recognized the value of scenic byways in serving its customers, and moved to establish a byways system in May of 1988. That system now includes some 100 routes across the Nation, routes that have brought together Federal agencies and State highway and tourism departments, local businesses, and national corporate partners to help Americans and our visitors from other nations understand the wonderful legacy of our great outdoors.

And the Forest Service is not alone in its initiative. The Bureau of Land Management has created a wonderful network of back country byways through the west. It, too, has successfully recruited partners from the public and private sectors. The result is a tremendous increase in public opportunities to enjoy our shared legacy of Federal lands at an extraordinarily cheap price.

Many States, too, are embarked on the scenic byways path. Colorado, Utah, Tennessee, Oregon, and others are leading the way, enhancing existing roads through beautiful areas with safety improvements and interpretive centers. In fact, the breadth of support for scenic byways is astonishing, it is bipartisan, and it is found in every region of the land.

We recently released information regarding recreational activities in America, the result of a series of national surveys performed for us by Peter Hart Research Associates. Among the relevant findings were that driving for pleasure remains near the very top of our leisure pursuits, enjoyed by 8 in 10 Americans and that opportunities for outdoor recreation are important in the lives of 77 percent of the American public. Driving for pleasure, to see the Nation close-up at a slower pace, is especially popular with the

fastest growing segment of the population: mature Americans that are 65 and up.

We strongly urge this body to incorporate a scenic byways program into the 1991 Surface Transportation Act. Your actions can assure that we remain visionary in our highways policy, and that we help Americans remain in contact with our natural resources and history.

We recommend the following components for a national scenic byways program. First, the establishment of a permanent office within the Federal Highway Administration to coordinate Federal, State, and local scenic byways efforts.

Second, the creation of a National Scenic and Historic Byways Advisory Commission, with public and private sector members.

Third, a new National Scenic and Historic Byways Program administered by the Federal Highway Administration, which would assist in adding certain enhancements to scenic and historic routes, which improve opportunities for scenic and recreational travel, including wider shoulders to allow safe sharing of the roadway by differing vehicles and safe pull-offs at scenic sites.

Fourth, the creation of a new "All-American Roads" designation, as described in the FHWA National Scenic Byways Study for roads such as the Blue Ridge Parkway, those that clearly have a national and even an international role.

Fifth, a clarification of Federal aid eligibility to make clear that scenic byways improvements are an appropriate use of each State's highways money allocation.

Sixth, a requirement that States consider the need of leisure travelers in their urban and State-wide transportation plans.

And finally, support for Federal agency scenic byways efforts.

We certainly thank this Committee for its interests. We are delighted to be working shoulder-to-shoulder with so many members of the Committee on this important topic. If I might, Madam Chairman, in concluding my testimony, I would like your permission to insert into the record a separate statement on behalf of the American League of Anglers and Boaters dealing with yet another wonderful aspect of the Nation's surface transportation policy, in this case the Wallop-Breaux Trust Fund, to support fishing and boating.

Ms. NORTON. We'll be pleased to receive it, Mr. Crandall. We appreciate that testimony.

We now move on to Mr. Muth.

Mr. MUTH. Madam Chairman, I serve as the president and chief executive officer of the International Snowmobile Industry Association, which is the trade association for the snowmobile industry. ISIA's members are manufacturers of snowmobiles, suppliers to the industry, snowmobile distributors, and trail groomer manufacturers. I also serve as chairman of the American Recreation Coalition's task force on trails. We appreciate the opportunity to comment on a subject that is very important to us: integrating the establishment of a national recreational trails fund into the reauthorization of surface transportation programs.

Since I am chairman of the ARC task force, some of my comments will be generic in nature, while others will specifically reflect the experience of the snowmobile community. Other task force members, representing both motorized and non-motorized

recreation interests, will also be submitting comments to the Subcommittee.

In recent years, the growth of trail-based recreation has been phenomenal. However, providing adequate trails to accommodate this growth has become increasingly difficult. Let me use an example from snowmobiling.

Currently, funding for snowmobile trails comes from two sources: State snowmobile registration fees and State gasoline taxes. In those States with extensive trail systems, trail funding runs into the millions of dollars. As an example, last year Wisconsin's program was funded at $3.5 million, Michigan's was funded at $2.5 million, and Minnesota's was funded at $2.3 million. However, we are finding throughout the snowbelt that these funds are not sufficient to meet the increasing expenses associated with snowmobile trail development and maintenance.

As you know, H.R. 1155, the National Recreational Trails Fund Act of 1991, was introduced by Representative Thomas Petri to provide an additional source of funds for trail programs: a portion of Federal gasoline tax funds. A copy of H.R. 1155 is attached to my written statement, as is a copy of a series of questions and answers on the bill prepared by the ARC task force.

In view of the fact that Federal gasoline taxes are intended to be user fees, this legislation would allocate Federal gasoline tax revenues derived from trail-related activities to the construction and maintenance of trails rather than highways.

Under provisions of this legislation, a National Recreational Trails Trust Fund would be established and funds would be transferred to this fund from the Highway Trust Fund. The amount deposited would be that attributed to the use of gasoline for off-road recreation and back country camping. The amount is set at .5 percent of total annual Highway Trust Fund receipts, which would provide an estimated $75 million annually. The program would be administered by the Department of the Interior.

Grants from the fund would be allocated to the States. Those monies could be used for construction and maintenance of trails; acquisition of easements; acquisition of property from a willing seller; and development of trailside facilities.

In discussions about this legislation, the question that is raised invariably is, Will the fund aid all trail interests, both motorized and non-motorized? The answer is an emphatic yes. Motorized and non-motorized recreation must each receive the benefit of at least 30 percent of a State's allocated monies. In addition, 40 percent of a State's allocation must be spent in a manner which gives preference to project proposals providing for the greatest number of recreational purposes, and for innovative trail corridor sharing to accommodate both motorized and non-motorized uses.

It is also important to note that not all trails funded under this program must be open to some or all motorized recreational activities. We seek to create more and better trails for all uses while recognizing that mixing some trail uses can be unsafe and reduce the quality of the experience.

We think that H.R. 1155, the National Recreational Trails Fund Act of 1991, offers an important opportunity to improve trail-based recreation for Americans. In addition, because it involves the use of

Highway Trust Fund funds, we think it would be very appropriate to incorporate the bill's provisions in the final legislation reauthorizing the Surface Transportation Act.

Once again, thank you for listening to my presentation. I'll be happy to try to answer any questions you may have at this time.

Ms. NORTON. Thank you very much, Mr. Muth.

Let me go first to Mr. Crandall.

Mr. Crandall, could you describe briefly some of the kinds of enhancements you propose for scenic and historic routes?

Mr. CRANDALL. Madam Chairman, the improvements would be additions to allow people traveling the routes to pull off and enjoy the nature of the corridors through which they are passing. One of the ironies is that as you travel this beautiful land of ours, often times you reach a spot where you would love to pull off and gaze at the view—whether it's from a saddle on the mountain or along a river—you find that it's simply unsafe to be able to do that.

We're also talking about an active interpretive program so that in fact we use these safe pull-offs to tell about the cultural and natural history of the areas.

We are also looking at an opportunity to tie the road to the resource better. So, for example, as the scenic byway passes by a river or lake, we're looking for ways to expand public access to those waterways. After all, waters are a magnet for recreational activities in this country.

There are also some other safety improvements we feel are appropriate. For example, when you're mixing a variety of different kinds of uses—everything from bicycles up to large trucks—in many cases we need safe areas for people to pass. There are many times, especially in these scenic areas, where we find that the ability for the faster vehicles to pass by the slower moving vehicles safety is simply not there. So periodic passing lanes to reflect the difference in the mix of traffic would be appropriate.

Ms. NORTON. Is it possible that there could be a conflict between preservation of the environment along scenic routes an the enhancements or improvements your coalition is seeking and supporting?

Mr. CRANDALL. Madam Chairman, we don't believe that there would be significant difficulties and conflicts. In fact, by having a scenic byway designation there would be a management plan developed that would allow us to better manage those. In fact, whether they're designated or not, many of these routes already receive additional traffic, and those conflicts are now not able to be mitigated. The development of a scenic byways program would create the forum for the mitigation of those forces.

Ms. NORTON. Thank you, Mr. Crandall, for that response.

Mr. Muth, according to the IRS, it would difficult and costly to develop the database necessary to accurately determine the amount of fuel used off the road in order to appropriately allocate funds to the National Recreational Trails Trust Fund. Wouldn't it be possible instead to permit the Department of Interior, the Bureau of Land Management, and the United States Forest Service to have direct responsibility for recreational areas to finance trail improvements by levying fees directly on the users and beneficiaries of these trails?

Mr. MUTH. Madam Chairman, I would suggest that this user fee money, this tax that's collected on fuel purchased by motorized recreationists, is really not going where it belongs right now. Right now, it's going to highways. All we're asking for is that a portion of those funds be returned to those people that are paying the taxes, the recreationists. I think those estimates can be made relatively simply. I expect that the Treasury Department will use the same approach now used to calculate the federal fuel excise taxes attributable to recreational boating activities and the use of small gasoline engines for lawn mowers, chain saws, ect., which are being deposited in the Aquatic Resources Trust Fund (Wallop-Breaux Fund).

Ms. NORTON. Do you think that any fees collected would not go directly in that manner? Would fees be a better way of assuring how the money is spent?

Mr. MUTH. If you have a system where there is a closed loop on the fee going back to the entity that it's collected from, I think we have no disagreement with that. Unfortunately, that's not the case all the time.

Ms. NORTON. Thank you.

How does your proposal relate to the overall goal that is before us of targeting Federal funds to the preservation and enhancement of the highest-priority transportation system supporting interstate commerce, economic productivity, and national defense?

Mr. MUTH. I'm not sure that it goes to that precisely; however, I think it does address an issue that is timely. Recreation is becoming more and more important in the lives of all citizens. Outdoor recreation is certainly a major part of that, and trail-based activity a major portion of that. We feel that it is important that the Committee take into consideration what we believe to be a fair redistribution of those funds.

Ms. NORTON. Thank you very much, Mr. Muth.

I thank both of you gentlemen for that fine testimony. It's very helpful to the Committee.

[Mr. Crandall's prepared statement appears on page 1495.]

[Mr. Muth's prepared statement appears on page 1968.]

Ms. NORTON. I ask the next panel to come forward. Mr. William H. Dempsey, President, Association of American Railroads, accompanied by L. Lee Lane; Mr. Robert E. Harmon, Chairman and CEO, Harmon Industries, and Chairman of the Railway Progress Institute; and Mr. John A. McQuaid, Executive Director, Intermodal Marketing Association.

I'm pleased to welcome you gentlemen to the Committee. We have your written statements. It's very late, so we would appreciate a brief summary of your testimony so that we may be able to ask questions to clarify your testimony.

Let's begin with Mr. Dempsey.

**TESTIMONY OF WILLIAM H. DEMPSEY, PRESIDENT, ASSOCIATION OF AMERICAN RAILROADS; ROBERT E. HARMON, CHAIRMAN, AND CEO, HARMON INDUSTRIES, AND CHAIRMAN, RAILWAY PROGRESS INSTITUTE; AND JOHN A. McQUAID, EXECUTIVE DIRECTOR, INTERMODAL MARKETING ASSOCIATION**

Mr. DEMPSEY. Thank you, Madam Chairman.

I am glad to be here. I'm president of the American Association of American Railroads. I appeared here almost a year ago exactly to state the position of the rail industry on the highway reauthorization bill. It will come as no surprise to anyone to find that I haven't changed my mind in this past year. The principal issue that we're concerned with is the question of lifting of the weight limits from 80,000 pounds to whatever it might be to permit the operation of so-called LCVs, twin 48s and triples.

Our interest in it from an economic point of view is very clear. Our studies indicate that the wide-spread use of twin 48s would strip the industry of about 40 percent to 50 percent of its net operating revenue. That's a prescription for catastrophe for the rail industry, the shippers that it serves, the communities that it serves, and rail employees.

If that were all that were to it, then you would face the question of productivity improvements. That's a legitimate question, but it isn't really in our judgment legitimate as long as the heavy trucks are not paying anywhere close to their fair share of the costs they impose upon the interstate system. As you know, the latest FHWA study indicates that they're paying only in the range of 50 percent to perhaps 60 percent. We think it's actually less than that.

Beyond that, as I said last year, we hardly stand alone in our opposition to LCVs, and the list of opponents since that time has grown and grown on grounds not of economic concerns about the rail industry, but in terms of concerns about safety, the environment, fiscal responsibility, congestion, and other public interest matters of that sort.

I suppose that our research can be discounted or attacked as self-serving, but I think it's pretty hard to quarrel with the representatives of the public interest on these various other issues like AASHTO, the American Association of State Highway and Transportation Officials that, as you know, has written the Committee urging that nothing be done to change the weight limits until such questions as fiscal impact, safety, and environment are examined. They intend to do that and are set about doing that.

AASHTO, AAA, the National Conference of State Legislators, the National Taxpayers Union, the Consumer Federation of America, the Union of Concerned Scientists, the Center for Auto Safety; the insurance industry, the National Association of Governors, highway safety representatives— then on the environmental questions, we have the three biggest: the Sierra Club, the Friends of the Earth, and the National Wildlife Federation.

Not only that, we have such interesting additions to the bank of data as a recent poll taken by the AAA of trunk drivers in the west where these larger rigs are permitted in some circumstances and something in the way of 80 percent of those drivers opposed the legalization of triples and 83 percent of those truck drivers

thought that LCVs were less safe than single combinations, and strong majorities thought that they were much less safe.

So this is a pretty—it seems to me—strong consensus of people on the other side of this issue. I think, in short, that my friend Tom Donohue, the president of the ATA, was right when he said recently in a "USA Today" interview: "I don't argue that there is anybody in America who wants larger trucks anywhere on any highway."

I pass to the second issue—and I'll just take 60 seconds on that—but this is of enormous importance to us as well. This is the question of highway grade crossing financing.

Back in 1973, the Congress concluded that this was an enormously important question and that experience taught that if there were block grants in effect to the States that the grade crossing issue would receive relatively little attention when in contest with other traditional issues such as highway maintenance and expansion. I'm afraid that that program may be in jeopardy now. I think that would be a very, very bad thing for that to turn out that way. FHWA has estimated that since 1973 this program has prevented over 6,000 fatalities and 25,000 injuries. I just urge that it be continued as it stands.

In closing, there has been some suggestion that the railroads have not invested much in the way of their own resources, but that simply is not the case. In terms of maintenance of this system and other collateral expenses, we spend about $190 million a year. That, it seems to me, is a pretty good token of our commitment to safety at highway grade crossings.

Thank you.

Mr. MINETA. [resuming chair].

Thank you very much, Mr. Dempsey.

We now hear from Mr. Harmon.

Mr. HARMON. Thank you, Mr. Chairman.

I am Robert E. Harmon, chairman of the Board and chief executive officer of Harmon Industries of Blue Springs, Missouri. I appear before you as chairman of the Railway Progress Institute, the international trade association of railroad and rail rapid transit industries. Our association's members are well over 100 companies that provide everything that goes into making and operating railroads and rail rapid transit systems.

We greatly appreciate this opportunity to present our view on legislation to reauthorize the highway program. Our industry has supplied much of the new product development that has helped the railroads compete. In current railroading, I speak particularly of computer-designed lightweight flat cars for transporting intercontinental freight contains; more fuel efficient locomotives; and our current work toward developing components of an Advanced Train Control System that can permit far more intensive and efficient use of existing rights-of-way.

We also provide the grade crossing warning devices and surface materials that have made your rail/highway grade crossing safety program the most successful highway safety program in the Nation. All told, ours is a $5.7 billion industry employing over 150,000 people.

Mr. Chairman, for your Committee's consideration, I have brought two white papers. Both deal with aspects of the legislation before you. They are attached to my full statement, and I ask that the Committee accept these for the record so I may summarize.

Mr. MINETA. Without objection, it will be included in the record.

Mr. HARMON. I will also note parenthetically that our Committee on Passenger Transportation has submitted for your record a statement opposing the Administration's wish for authority to waive "Buy America" requirements.

Mr. Dempsey has enumerated the projected impact of LCVs nationwide upon the railroads' earnings; the public's subsidies for trucks; the dangers inherent in longer, heavier trucks; and the higher maintenance costs that would result from their use. We wholeheartedly support his comments.

Let me address the matter of LCVs from our industry's point of view. Cast your minds back, if you will, to the 1970s, before Congress gave us the Staggers Rail Act of 1980. While it is hard to believe now, just a little more than a decade ago many railroads were in bankruptcy and their track work was so deteriorated that some freight cars derailed while standing still. That's what happens when profits disappear and the railroads cannot afford to maintain their rights-of-way.

Clearly, for the RPI member companies that supply the ballast, ties, and rails, the nationwide advent of longer combination vehicles, the LCVs, would be a most devastating problem.

Suppliers' R&D would disappear. So, I fear, would the Transportation Test Center at Pueblo, Colorado, created by the Federal Railroad Administration—with significant help from railway suppliers, by the way—and now being managed by the Association of American Railroads also disappear.

The market for our car makers' container cars, one of the brightest spots in our industry over many, many dry years, would disappear. In fact, we believe that the intermodal traffic would end, this would spill most of the 6 million containers now moving by rail out onto the highways. Instead we urge the Committee to consider innovative uses of the Highway Trust Funds to improve access to rail intermodal facilities, thereby easing congestion in port cities and rail gateways.

Let me point out a severe adverse impact of diminished freight railroad profits that is not as obvious as the ones I have cited. Deteriorating rights-of-way would degrade the speed and punctuality of Amtrak, the Nation's only cross-country railroad passenger service, as well as the commuter railroads that serve 11 metropolitan areas of the United States. Those rail passenger systems run over the freight railroads' rights-of-way. Consequently, the financial health of the freight railroads is important to the passengers and to our member companies who sell equipment and supplies to those systems.

Speaking of rail passenger transportation, Mr. Chairman, we have long advocated a balanced transportation system. We urge the Congress to provide a 5-year, reliable funding program that will allow the infrastructure to accommodate increasing demands for urban public passenger transportation.

Earlier I alluded to the rail/highway grade crossing safety program, which you and we know as the section 130 program. Surely, records of your Committee document the success of the section 130 program, and I need not dwell on that here.

I do wish to state our position that categorical funding is essential. One of our member companies surveyed 163 State highway officials close to this program and 23 railroad officials on their view of block grants versus dedicated categorical funding and 83 percent replied. Only 25 respondents favored a block grant approach and the remaining 129 favor dedicated categorical funding.

What's wrong with the block grant idea? The vast majority of those favoring categorical funding said they foresaw severe cutbacks in the rail/highway grade crossing safety program. As you have heard, grade crossing needs would frequently lose out to more traditional highway needs such as capacity improvement and maintenance.

Now let me draw this to a close. Insofar as the rail/highway grade crossing safety program is concerned, we recommend that: section 130 be reauthorized; authorized funds be earmarked specifically for the section 130 grade crossing safety program; the authorized funding level be high enough to continue the excellent improvements in safety; existing permission for States to transfer up to 40 percent of section 130 funds to other safety programs be eliminated; and Operation Lifesaver, Incorporation continue to receive support from the Highway Trust Fund.

As to the longer combination vehicles issue, Mr. Chairman, I have noted that their advent would devastate our industry.

Now let me speak as the person at the wheel of our car when my family goes on trips. I believe the majority of Americans join me in my fear of being tailgated or passed in rain and snow by the 40 ton rigs that are out there on the highway right now. Trucks are long enough, heavy enough, and dangerous enough as they are.

Segments of the trucking industry hope to use trucks weighing over 130,000 pounds. That is 65.5 tons. Mr. Chairman, the Abrams Main Battle Tank that our military used in Operation Desert Storm weighs 2.5 tons less than that. Please don't allow the trucking equivalent of the Abrams Tank out on the highways with us—with your family and mine.

Thank you for the Committee's time and attention, Mr. Chairman. I will be pleased to respond to any questions.

Mr. MINETA. Thank you very much, Mr. Harmon.

Mr. McQuaid.

Mr. MCQUAID. Thank you, Mr. Chairman.

I might say, as one that has been the pleasure of being in this room since the opening gavel this morning, I wanted to commend the Chairman and the staff for their perseverance today, and also their commitment to this very important subject.

Mr. MINETA. I noticed that your statement does start off with "Good morning." [Laughter.]

Mr. MCQUAID. But you will also notice that it's written in pencil. [Laughter.]

I appreciate the opportunity to appear before you today to share the views of the Intermodal Marketing Association on the vital

issue reauthorization of the Federal highway program. My name is John McQuaid and I am executive director of the association.

The IMA is a national association comprised of major railroads, stack train operators, shippers' agents, intermodal truck operators, and intermodal equipment manufacturing and leasing companies. Our organization primarily is involved with domestic intermodal operations, with our members handling virtually all such shipments. However, the burgeoning growth of the global marketplace also has required our members to become increasingly involved in international transportation.

My being here today to discuss the highway bill represents a significant advancement for domestic intermodal transportation—a coming of age, of sorts. While international transportation is recognized as being predominantly intermodal in scope, the U.S. during the last decade also has developed an extensive domestic intermodal network. This network often is viewed as an extension of rail or truck service rather than the viable, expanding segment of the transportation it has become.

Both Transportation Secretary Skinner and Public Works Committee Chairman Roe have recognized the growing importance of intermodalism to U.S. transportation and logistics needs. At an earlier hearing on the highway bill, Chairman Roe noted, "It is time for us to make an intermodal transportation system a national priority so we can improve our productivity."

Secretary Skinner, meanwhile, has provided much-needed leadership within the Department of Transportation by breaking down traditional barriers among the numerous modal administrations. These administrations previously had fostered the development of policy with minimal, if any, view toward its intermodal impact.

Both of these developments, Mr. Chairman, are enthusiastically welcomed in the intermodal community. To us, they represent validation from the highest levels of government, that intermodalism no longer is the stepchild of the other surface modes, but rather represents an industry segment which relies on the strengths of each to deliver the Nation's goods.

However, the Government's acknowledgement of the vital role intermodal plays in moving the Nation's goods comes long after the marketplace has recognized its efficiency and flexibility. Since the last comprehensive look at our highway needs in 1982, the approach shippers and receivers take in moving their goods has changed drastically as they faced the challenge of assuring U.S. competitiveness, particularly from abroad.

The increasing importance of integrated logistics in meeting our competitive coals requires an intermodal approach to transportation issues. Modal resources need to be highly coordinated if we are to meet the Nation's transportation needs in the most efficient and cost effective manner possible. Our research and development efforts should be geared to fostering this overall goal.

Mr. Chairman, the IMA has two concerns about the highway bill. First, the highway bill should facilitate intermodal growth, particularly through the funding of infrastructure improvements, port, and major rail intermodal facilities. Second, the highway bill should not be used as a means of authorizing broader use of longer combination vehicles on our highways.

In identifying and providing adequate funds for major highways to facilitate the flow of commerce, it is important to remember the significant role our roadways play in intermodal transportation. Most of the discussion about intermodal that I have heard in relation to the highway bill focuses on the need to improve port access for international intermodal shipments. However, just as poorly designed, decaying, and congested roadways around ports contribute to the inefficient movement of import and export traffic and adversely impact the quality of life in nearby communities, they similarly impact the domestic intermodal network.

Remedies that focus on improving truck access to port facilities and terminals also should address similar problems affecting our domestic intermodal system. Our goal should be to make access to intermodal facilities and terminals more efficient by creating modern, dedicated roadways to handle truck traffic which presently overburdens a crumbling system of urban streets and highways. This macro approach to our facilities access problems is essential to achieving dividends of reduced congestion and pollution, greater energy efficiency, improved quality of life, and lower cost of operation.

While improved access to ports and rail intermodal facilities is essential to the continuing growth of intermodalism, widespread use of longer combination vehicles on the Nation's highway system is not. Indeed, if there is one issue on the horizon that threatens the rosy future of domestic intermodalism, it is LCVs.

Much of the business railroads handle in domestic intermodal service is extremely susceptible to truck diversion. Consequently, any congressional action allowing LCVs would have a devastating economic impact.

Mr. Dempsey earlier alluded to some of the numbers associated with that diversion for the railroad industry as a whole, but intermodal would be hurt far worse than average. Railroads would lose 23 percent of intermodal traffic and 27 percent of intermodal gross revenues if twin 48s were legalized.

Mr. Chairman, this is not a pretty scenario for an industry that was one of transportation's success stories of the 1980s. We believe that our Nation's highway policy should promote the most efficient use of limited energy and environmental resources and encourage greater use of our under-utilized railroad assets.

Domestic intermodal transportation should be promoted by Government policy, not threatened by it. Intermodalism involves the best combination of the Nation's surface transportation resources—the economy and efficiency of long-haul rail and the flexibility of short haul truck. And it does it all on less energy and while reducing highway congestion and air pollution.

Intermodalism must continue to play an essential role in our transportation network in the next century to assure the Nation's position as a leader in world trade. It is time for Government and industry to break with the conventional approach toward transportation policy-making and funding, which impedes its growth.

As currently structured, the system fosters infighting among modes and detracts from the goal of assuring that we have the world's most efficient and reliable transportation system. We need to avoid the strain of modal one-upmanship that our present Feder-

al subsidy system fosters. Our unwillingness to meet these vexing challenges will undoubtedly erode our efficiency and productivity at a time when both are needed to enhance our competitive position domestically and internationally.

Mr. Chairman, we look forward to working with the Congress in fashioning a bill that promotes better coordination among the Nation's transport modes and recognizes the critical impact our highways have on our ability to compete.

Thank you.

Mr. MINETA. Thank you very much, Mr. McQuaid.

Mr. Dempsey, on page six of your statement, you quote your friend Tom Donohue. "I don't argue that there is anybody in America who wants larger trucks anywhere on any highway." You attribute this to an interview in "USA Today."

That's a great statement. I'm just wondering what comes before and what comes after. [Laughter.]

Mr. DEMPSEY. Probably after comes "except me". [Laughter.]

We'll fill in the context, Mr. Chairman.

Mr. MINETA. You indicate in your statement that new safety research shows that current 28 foot trailer combinations have fatal accident rates of 66 percent greater than tractor trailers for 100 million miles traveled. Is there any research that indicates that triple trailers are over-involved in fatal crashes?

Mr. DEMPSEY. No, but I would like to ask Mr. Lane to respond to that. Let me just say that as a general matter the difficulty with triples—that's the reason we had the research done on doubles, and maybe there's nothing more to said about it than this. The data with respect to triples is simply too scant. As you know, they operate under very limited circumstances and restricted conditions and that sort of thing.

We asked our consultant to go to the best source that he could. There are reliable data with respect to doubles because doubles, of course, operate generally. These are the results of that.

If you look at those figures and see that there is a great disparity of fatal accidents with respect to doubles, the only logical assumption is to go with FHWA when they identify the characteristics of triples and twin 48s that would lead them to be suspect with respect to safety and come to the conclusion that triples and twin 48s would be even more dangerous than doubles.

Mr. MINETA. You point out that rail/highway crossing programs have been successful in reducing fatalities and injuries. In fact, I've been told that the number of fatalities has been reduced by one-half to just under 600 per year. That was one of the reasons that the Secretary felt that the section 130 program should continue to be funded, or that it should be block granted in terms of the program. Why do you feel, given this kind of reduction in terms of fatalities, that this program ought to be continued at its current $160 million program?

Mr. DEMPSEY. It's one of the most successful safety programs in collaboration with Operation Lifesaver. I think there's about $250,000 that's been given since 1988 to Operation Lifesaver. It's one of the most successful safety programs that I know of. The difficulty here that the Congress saw before 1973 was that if the States are given the discretion as to where to put this money,

they're simply not going to put it nearly as much in highway grade crossing investments as they would otherwise have to do.

The data are given in my statement. During the 40 years between 1934 and 1973, less than $95 million in Federal funds was spent on crossings by the States. We had a continued escalation in fatalities and casualties at grade crossings. Since 1974, nearly $1.3 billion in section 130 program funds have been spent, and as you indicated, casualties and fatalities have dropped dramatically.

That's the background of experience against which this question, it seems to me, ought to be tested.

Mr. MINETA. Mr. Harmon, you recommend continuation of a separate rail/highway crossing program, funded again at a level that's high enough to continue safety improvements. Could you tell us where priorities should be placed in terms of the rail/highway crossing needs?

Mr. HARMON. There's already a priority system in place today that attaches a hazard index to each crossing. We're already on a program where we're addressing and solving the problems on the most hazardous crossings first. That's been in effect for some time and continues at this point.

Mr. MINETA. You state that the market for container cars would disappear and you believe that intermodal traffic would end if LCVs were permitted in all States. Apparently, what percentage of containerized shipments travel by rail?

Mr. HARMON. Mr. Chairman, I'm not sure that I have that figure. We can find out for you and get that for the record.

Mr. MINETA. That would be fine for the record.

[Subsequently, the following was received from Mr. Harmon:]

HARMON Industries Inc.

April 24, 1991

The Honorable Norman Y. Mineta
Chairman
Surface Transportation Subcommittee
Committee on Public Works & Transportation
B-376 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

During last week's hearing on the Surface Transportation Reauthorization bill you posed a question to Bill Dempsey, President of the Association of American Railroads, as to whether or not there was still a need for the Section 130 Rail-Highway Grade Crossing Safety Program. You also mentioned that Secretary Skinner had indicated to you that the reason the Administration's bill did not continue the Grade Crossing Program was because it did not believe there were specific needs to justify a separate program.

I did not interject at that point because you did not ask the question of me, but also due to the very late hour of the day. I, like Mr. Dempsey, believe there are still significant grade crossing needs. More to the point, the Department of Transportation has clearly stated that there are grade crossing needs well beyond what the current Section 130 Program is able to fund. Thus, I find the Secretary's position confusing and I would like to take just a moment to explain why.

The Surface Transportation Assistance Act of 1987 (P.L. 100-17) directed the Department of Transportation to conduct a study of rail-highway grade crossing needs in addition to reauthorizing Section 130 at a level of $160 million per year. In due course, the Department conducted this "needs study" and in a report issued in April, 1989 titled: Rail-Highway Crossing Study concluded the following:

> Total grade crossing needs in the 1988-2005 time period will be approximately $853 million.

The needs are subdivided into structure needs and warning system needs. For warning system needs alone the study found:

> ... an estimated annual investment of $185 million is necessary to maintain current overall safety performance. An additional $105 million is needed to adequately maintain and operate the system. An initiative to cost-effectively reduce current accident levels would require another $30 million annually, for a total of $320 million annually in potential needs for warning systems.[1]

I would note parenthetically that railroads are already supplying almost $100 million in maintenance and operation funds as they bear the full responsibility in most states for maintaining crossing devices and surfaces, although there are a handful of states which assist in maintenance expenses.

The DOT study goes on to identify the need for an additional $390 million in grade crossing structure improvements to maintain traffic services and structural condition for both highway and railway structures.

Consequently, I am puzzled by the Secretary's indication to you that there are no longer grade crossing needs on our highways particularly in light of the fact that the Grade Crossing Needs Study was both completed and issued under his stewardship of the Department of Transportation.

You also ask the question as to the percentage of containers that are shipped by rail, and we estimate that figure to be approximately 30%.

On a personal note, let me congratulate you on your perseverance and that of your staff. Despite the late hour of my testimony yesterday, you were kind enough and interested in both my views and to ask important questions my testimony raised. You are to be congratulated for the intense interest you have taken in this legislation.

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1 Report of the Secretary of Transportation to the United States Congress, Rail-Highway Crossing Study, FHWA-SA-89-0001; April, 1989, p.6.

If it is appropriate, I would ask you to enter this letter in the record of the hearing as a supplement to my statement. Thank you for your consideration of the additional views I have offered in this letter.

Sincerely,

Robert E. Harmon
Chairman of the Board and Chief
Executive Officer
Harmon Industries, Inc.
Chairman, Railway Progress Institute

REH:bb

Mr. MINETA. Mr. McQuaid, in your testimony, you note the number of overweight containers is increasing and that this is becoming a major problem, both in terms of highway safety and road damage. I agree with you.

What solution or solutions would you propose to address this problem? When I say that we have to deal with this—container comes off the ship, gets put on a truck bed, and then we have a 120,000 pound container on a truck bed going down the highway. So I say, "Carrier, stop it."

They say, "Wait, it's not our fault. We just took it off the ship over here."

"All right, APL, what are you doing?"

"We're not doing anything. We were just given this load in Bangkok by a shipper. It's not our problem."

I can't grab the shipper in Bangkok. If I go to the consignee in Detroit and shake that person by the earlobes they say, "Hey, it's not my fault. The guy in Bangkok shipped it to me that way."

Who do I go after?

Mr. MCQUAID. To paraphrase an old statement that was made a lot by an esteemed Senator from Louisiana many years ago, "Don't fine you, don't fine me, fine that guy beyond the sea."

The problem, as you said, is to reach there.

At the risk of agreeing with Tom Donohue, I think one of the solutions there—and in one of my prior lives I worked at ATA with the intermodal trucking group they have over there, who of course are the guys with the least leverage. When the problem first arose Tom took it on as a result of truckers being stuck with substantial fines.

It seems to me that there's a fairly plausible solution, but the problem with every solution is that there is a cost attached to it. One thing we do know, for instance, is that on export loads there is a requirement because of OSHA provisions that export containers be weighed. As I understand it, that's for the safety of the longshoremen, the ILA, and the people that work on the port.

It seems to me that a fairly simplistic approach to this thing would be to have some kind of mechanism where you either have governors on cranes or scales at ports to weigh inbound containers. In instances where they come in and they violate the bridge or they're over on gross or whatever, then *ipso facto* you try to set that aside and perhaps you have more for the——

Mr. MINETA. And then the port says to me, "But I don't want to have 200,000 square feet over here reserved for these containers and the break-down of the loads that then have to occur."

On the other hand, do I go over to the FMC and say, "You ought not to be leasing these containers by container. These things ought to be by weight." Someone leases that container and they can fill it with feathers or they can fill it with steel.

Mr. MCQUAID. Fundamentally, of course, the whole issue is driven by economics. I think one of the real things that we can do—and I'm not sure that it's really been done to the extent it can—is that buyers and sellers in the United States could certainly do a greater degree of educating their overseas vendors in terms of what the laws are in the United States. I do understand that at least in terms of our present rate structure you're obviously buying

volume and you're going to fill it to the max, if you can, and get the economies of scale associated with that if you're shipping bricks or whatever.

It is a very intractable problem. But I think a combination of enforcement and education are probably two of the best approaches we can take to dealing with it. Beyond that, it is a question of cost and logistics in terms of either flagging the overweights for stripping and restuffing or going after, as you mentioned, some of the parties in the United States that might be culpable.

Mr. MINETA. Are you familiar with the intermodal planning that's incorporated in the Administration's bill under its urbanized area planning and State-wide transportation planning and research program?

Mr. MCQUAID. No, I'm not, Mr. Chairman.

Mr. MINETA. Well, Mr. McQuaid, Mr. Dempsey, Mr. Harmon, Mr. Lane, it's been good to see you all. I appreciate your patience and forbearance to wait until this late hour in the day to testify and help enlighten us as we try to craft our legislation that is going to be very important for the balance of the 1990s as we prepare for the 21st century.

Thank you for helping us.

[Mr. Dempsey's prepared statement and letter supplementing testimony appear on page 1509.]

[Mr. Harmon's prepared statement appears on page 1717.]

[Mr. McQuaid's prepared statement appears on page 1931.]

Mr. MINETA. Earlier, I was going to call on Wayne L. Ducheneaux, President of the National Congress of American Indians. Mr. Ducheneaux had a previous commitment that he had to make, so I would like to call him forward now to the witness table.

## TESTIMONY OF WAYNE L. DUCHENEAUX, PRESIDENT, NATIONAL CONGRESS OF AMERICAN INDIANS, ACCOMPANIED BY EMILY SEGAR, LEGISLATIVE ASSISTANT

Mr. DUCHENEAUX. Good afternoon, Mr. Chairman. It is indeed an honor to be here to testify before the Committee and put the concerns of the National Congress before this Committee. I have with me today Ms. Segar, who is a staff person for the National Congress and is going to keep me on track and tell me what I'm supposed to say here.

As you already know, I am Wayne Ducheneaux, president of the National Congress of American Indians. We came here to today to urge Congress to consider the Indian tribes when the reauthorize the Federal Aid Highway Act.

Since 1982, the Indian reservation road system has been covered by the Federal Highway Act and funds for our highways have been steadily going down since 1982 because although they appropriated $80 million a year—which is not enough, $95 million would just hold the current poor condition of the roads—there was no inflation factor figured in. So although we stayed even, in reality we are taking a cut in this.

But we would like to bring out five major points that we would like to see. We would like to see authorization of funding for Indian reservation roads out of the Highway Trust Fund at $227

million for each of the fiscal years 1992 to 1996. This is based on a needs study that the Bureau of Indian Affairs conducted back here in 1990 of the needs of reservation road systems.

We would like you to amend the Surface Transportation Act to mandate that, in designation by States of Federal aid primary, secondary, and urban systems, States shall cooperate with the appropriate Indian tribal government officials in selecting and designating such systems. The Bureau of Indian Affairs has authorized to use the funds appropriated to the Indian reservation for road systems to supplement the State Federal Aid secondary road monies, but the States don't always consider the Indian road systems.

Back home on my reservation, the States say, "Well, that's the Bureau of Indian Affairs. They have money for it, so they can fix it." That's not withstanding the fact that the States receive money for Indian trust lands in the particular States that are supposed to go toward construction of Indian road systems.

We would like to ask that you amend the act to designate bridges on the Indian reservation roads system as being eligible for funding. Section 6 of the act funds bridges and replacement rehabilitation, but the act doesn't include bridges on the Indian reservation road system. The BIA focused on what we already knew, that tribes are in desperate need of new bridges. The bridges that are there are totally outdated and dangerous. Some of the approaches to them are undercut by the streams and creeks that run underneath them. Some of them have been washed out and haven't been rebuilt since the early 1980s.

We need to have this bridge problem corrected because our people are totally isolated out there. Emergency vehicles can't get there. They are delayed when they do try to get there, and some of them don't have any access at all. We ask that you incorporate language that makes bridges on the Indian reservation road system eligible for this funding.

We would like you to amend the act to clarify that tribal officials are eligible for training provided through the National Highway Institute.

Finally, we want you to amend the act to mandate Indian preference within the hiring procedures of any contractor awarded a project on or near reservation lands.

You might think that we're stretching it a little bit to ask that, but these funds are appropriated by the Congress for the reservation road systems. As Congressman Miller said in a recent article in the Washington Post, he said that in order for us to attract private industry that we need in the reservation, we have to invest in the reservations first—for example, to build roads, provide clean drinking water, et cetera. The reservation road system is a national disgrace, Mr. Chairman.

I would like to mention a little thing that happened there on my own reservation back in 1986 when we had a terrible winter. It looked like Alaska there in South Dakota for awhile. My children ride the bus some 50 miles to get to Eagle Butte to go to school. After the snow started melting in the spring, when it did finally warm up—the road system there is supposed to be all weather roads and they were all but impassable. In one place there for about a quarter of a mile, the bus had to get off the road and plow

through the ditch then swing back up on the road after he got through the bad part because the road was worse than the ditch that was built alongside of it.

These things have been going on for years, Mr. Chairman. They have a standard joke throughout the country where they talk about "res" cars. These are reservation cars that are just beat to hell because of the roads that they have to travel.

Excuse my language, sir, I probably shouldn't have talked like that, but occasionally I get a little bit angry when I talk about this stuff.

Ms. Segar noticed this morning that when the National Association of Counties testified, they said that the current law calls for fair and equitable treatment of local governments and in cooperation and consultation with local officials—we need a process to back it up.

Let me make several suggestions. First, there is to be a State level commission attached to the State department of transportation or highway department consisting of representatives nominated by State associations and counties and the State Municipal League of Governors to approve the systems that would be constructed under this.

Mr. Chairman, again, if this is allowed to happen, tribes are going to be left out of this thing, although these folks are deciding what the tribal funds are going to be used for, too. I think that if this is going to happen, I think a tribal official should sit on one of these commissions in the States that do have Indian reservations. If they don't, Mr. Chairman, the Indians are going to be left out again, and we're going to be back here hollering and crying again next year to get this done.

We aren't asking a whole lot like some of these folks, and our needs may be kind of small, but because we are small, we tend to be forgotten a lot when the Congress passes an act.

Assuming that the States will treat everyone in the State fairly—and that doesn't always happen, Mr. Chairman—and we request that we be allowed to present this testimony and supplement it because we do have all the facts and figures to back this up, but we can't put it all in one little document.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much for your testimony.

I was wondering—and maybe you can educate me on this—is a road built on a reservation by the BIA or by the Indian nation?

Mr. DUCHENEAUX. By the Bureau of Indian Affairs, sir.

Mr. MINETA. By the BIA?

Mr. DUCHENEAUX. Yes, sir.

Mr. MINETA. Are those roads built to any different standards, let's say, on Indian lands than they would be on non-Indian lands?

Mr. DUCHENEAUX. Well, sir, again, using my own reservation for an example, Federal Highway 212 runs through the middle of our reservation east and west, the State—with the Federal Aid secondary money and other things—is required to keep the road up. They just went through and reconstructed it last year. We have a saying in Sioux Country. We talk about the "good red road" and—excuse me, sir—the "bad black road". But in our tribal religion, it goes back as the red and the black. If you look at a State highway map,

you will notice that all the good red road runs right up to the reservation border, and that's where it stops and the road turns black.

The road system is no good. They reconstructed the highway off the reservation east of us and then on the reservation about 30 miles. If you'll come onto 212 from the eastern side on the reservation and start driving through, you will find about every 50 feet that there is a bump in the road. This road just got rebuilt 2 years ago. But it's poor construction. I don't know whether the State is going to come back and fix it or not, but if you go out, the road is just as level and flat as this floor.

So, yes, I think they use poorer standards when they build on Indian reservations.

Mr. MINETA. Does the matching share for Federal Aid projects contribute to the lack of suitable roads on Indian lands?

Mr. DUCHENEAUX. Excuse me, sir?

Mr. MINETA. Does the matching share contribute to the lack of suitable roads on Indian lands?

Mr. DUCHENEAUX. The States are to take into consideration that we can use the funds that are appropriated for the Indian reservation road system to supplement State highways. The problem is that not all of our roads are part of the Federal Aid secondary road system. Just those roads that are on there are eligible for the Federal Aid secondary funds that the States have.

I don't know what it takes to get them on there. I think they're all Federal highways. The Bureau of Indian Affairs builds them all, and I think Congress should mandate that they be part of the Federal Aid secondary roads.

If you'll pardon me, sir, the Bureau of Indian Affairs constructs about half the roads on the reservations. The rest are constructed by the States and the Federal Government and the few road systems by tribal governments. Ms. Segar just corrected me.

Mr. MINETA. Thank you very much for being with us and for coming back after you had been here earlier. We appreciate it very much.

Mr. DUCHENEAUX. Thank you very much.

[Mr. Ducheneaux's prepared statement appears on page 1640.]

Mr. MINETA. I would now like to call on Howard Messner, the executive vice president of the American Consulting Engineers Council.

Mr. Messner, I appreciate very much your patience in waiting until this late point. Please extend to Mr. Kinstlinger my apologies for going this late. You may proceed in your own fashion.

**TESTIMONY OF HOWARD MESSNER, EXECUTIVE VICE PRESIDENT, AMERICAN CONSULTING ENGINEERS COUNCIL, ACCOMPANIED BY LORI MORAN**

Mr. MESSNER. Thank you, Mr. Chairman. Good evening to you. It's a privilege to appear before you and this Committee at any hour.

I would like to take just a moment to introduce you to Lori Moran, who is one of the finest staff of ACEC, who specializes in transportation.

I am executive vice president of the American Consulting Engineers Council. ACED is the largest national organization of independent consulting engineering firms. Its membership represents more than 5,000 firms with some 175,000 employees, who annually design over $100 billion in constructed public and private works.

Needless to say, the consulting engineering community is extremely interested in the future direction of transportation in the United States. We have a stake in it because often we are the professionals that design new facilities, as well as develop the technology to cost effectively maintain and expand a wide variety of highway and transit facilities.

I know your Committee has heard scores of facts and statistics supporting a need for transportation infrastructure in our country. While I don't have time this evening to review some of these findings, I encourage the Committee to review our written testimony. We have included some interested material, sir.

This evening I would like to focus on two specific concerns that consulting engineers face when working with State departments of transportation on Federal Aid highway projects. First, the engineering and design community appreciates the key role you played, Mr. Chairman, in successfully including a provision in the 1987 Highway Act that requires the States to use qualifications-based selection, and to negotiate a fair and reasonable cost to perform the work with the selected firm, when procuring A/E service under the Federal Aid highway program.

To many, this procurement process is better known as the Brooks A/E Law. We continue to advocate the qualifications-based selection of A/E services that provides for the most cost effective, timely, and technically competent design work possible. We continue to be disappointed that the Federal Highway Administration has not issued the final regulations to implement this provision 4 years after it was passed.

Following the selection process, however, consulting engineering firms are continuously faced with numerous and duplicative audits and arbitrary restrictions on indirect cost rates. In many cases, these practices are affecting the ability of our firms to do work for the State highway departments.

Millions of dollars are being wasted on multiple audits of A/E firms by State highway agencies, because one agency is reluctant to accept the audit results from another agency. Many of our firms work in several States and are audited several times a year for the same information. Having each State separately audit the same firm is a financial and administrative burden to both the engineering firm and the State agencies.

ACEC, with the support of the broader design community, has developed a legislative proposal to address the problem of multiple audits. We urge this Committee to include language in the bill to establish a uniform auditing process requiring State and local agencies to negotiate and audit design service contracts in accordance with the cost principles in the Federal Acquisition Regulations.

Under the proposal, agencies would also be required to accept current audits performed by other States, Federal agencies, or an independent certified public accountant. The uniform audit ap-

proach would provide valuable cost savings to the Government, allowing resources, both time and dollars, currently being wasted on redundant audits to be directed toward tasks that are truly crucial in protecting Government interest. Again, we strongly urge the Committee to include language in the bill to achieve these objectives.

Problems of financial management for our firms are further aggravated when State highway agencies establish arbitrary limits, or caps, on overhead rates and refuse to accept the firm's audited rates. Agencies should focus the negotiation stage on total cost, rather than individual cost estimates, such as overhead rates. The misplaced belief that overhead is a true measure of efficiency results in the Government spending an excessive amount of time and money evaluating an illusory indicator of cost, since the classification of many costs as direct or indirect is primarily a decision of business management based on established accounting principles. Flexibility inherent in the accounting procedures can lead to substantial changes to a firm's overhead rate, yet its total costs to provide services can remain the same.

For example, computer costs and premium pay for overtime work could be billed as direct expenses or direct labor by one firm and as overhead by another firm, and yet the total cost of service for each firm remains the same. Under QBS, the contracting officer negotiates a "fair and reasonable cost" to the Government. As noted, a firm's overhead rate may not affect the determination of said "fair and reasonable cost".

The second important ACEC concern I wish to bring to this Committee relates to seeking the Committee's support for expanded reliance on the private sector for engineering and design services. Quality, cost effectiveness, and timely completion of transportation projects are in direct relation to the extent to which public agencies contract out engineering, surveying, inspection, and design services to the private sector.

A public/private sector partnership in delivering transportation programs benefits the transportation agencies, the private sector, and most importantly the general public. Contracting out provides public agencies with greater flexibility. The agency does not have to increase staff for the peaks associated with the cyclical nature of transportation work. It also provides the public agency with a wide spectrum of experts, which may not necessarily be readily available with in-house personnel, and gives a State access to expensive computer and mapping equipment without having to purchase it.

Contracting out helps the private sector by providing work to the many firms offering transportation design expertise. It also benefits the general public because it delivers transportation programs on a timely and more cost efficient basis. Finally, by contracting out work to tax paying companies, the tax receipts of local, State, and Federal governments will be enhanced.

ACEC urges this Committee to include an additional provision in the 1991 Surface Transportation Act that would establish a private sector involvement program to provide an incentive for State transportation agencies to rely on the private sector for design and other engineering and technical services necessary for the development, operation, and maintenance of roads and highways.

Our proposal would not impose a new Federal mandate on the States. Rather, a grant reward would be established for the most innovative and aggressive States in their utilization of private firms for design services. The Secretary of Transportation would select those outstanding State private sector involvement programs for grants from the Secretary's discretionary funds. Since the grants would come from an existing program and funds already authorized and appropriated, the awards would not have an adverse budgetary impact. We welcome your endorsement of this concept as part of the Committee's bill.

In conclusion, the American Consulting engineers Council strongly urges the Committee to endorse legislative language on uniform audits and contracting out as I have testified today. ACEC looks forward to working with this Committee to develop legislation that will shape the future of our Nation's highway and transit programs for the 21st century.

Mr. Chairman, I know the hour is late, and I particularly appreciate the courtesy you've always shown us.

Mr. MINETA. Thank you very much, Mr. Messner, for your fine statement.

I'm wondering if you could give me some other examples, or additional explanation, of how current State transportation practices would change under your proposal to examine actual overhead costs in order to reform the way State and local agencies negotiate, perform, and audit design service contracts. I'm also wondering, Are there any other national transportation interest groups that have voiced support for your recommendations?

Mr. MESSNER. Mr. Chairman, we would hope that the State agencies would rely on the negotiation that is inherent in the quality-based selection process to first pick the most technically competent firm available to do the work, and then to sit and negotiate the full cost package to the satisfaction of the State agency, not the firm. As you know, under the Brooks procedures, the client—the State or the Federal agency, for that matter—has a full right to ask questions and examine any aspect of cost, and to arrive at what the client judges to be a fair and equitable cost estimate.

By putting caps on a particular element of the cost statement, it distorts the process, it causes anxiety particularly to our smaller firms, of which we have many. Of our 5,000 firms, 80 percent of them are 30 people or less. We do believe that if the States would endorse the Brooks Act and follow it, the overhead cost problem would go away.

In terms of support of other groups, I think you would find that the American Institute of Architects, who also are covered by this law, very much support our position.

Ms. MORAN. Also, Mr. Chairman, we've been working with a representative from ARTBA and they have also reviewed our proposal and have indicated support for it.

Also, in answer to your previous question, many of the States already do comply with the FAR. Basically, when they audit they use the FAR as a basis. But they all have deviations that make it very difficult for a firm, particularly a larger firm that works in several different States. He's having to keep his books—first, if he works for a Federal agency, he keeps it according to the FAR, and then

he has to keep another set of books to comply with varying state procedures—these books are separately audited under each State. So he is being audited several times a year. That's why we're proposing that States follow the FAR and the firm could be just audited once. They would all be performing on the same basis.

The States wouldn't necessarily have to change their practices dramatically to comply with the FAR. They all have just a few individual differences.

Mr. MINETA. The ACEC is supporting the use of toll financing to design and build highway facilities. Why are you so strongly in support of that provision?

Mr. MESSNER. Mr. Chairman, we support a broad range of financing mechanisms. The first love that we have for choice of financing would be user charges, which the consuming public would pay and then see spent on the goals they paid it for. We recognize that the constraints and the realities are that the size of the bill coming due for infrastructure requires imaginative financing, private/public partnership financing, and we're willing to see that done.

We are very concerned that we not mislead the public into thinking that they are paying for transportation improvements and then see that money go elsewhere, or even worse, perhaps, languishing and not being spent.

Mr. MINETA. Howard, thank you very, very much.

Ms. Moran, we appreciate your first appearance and patience until the end of the day like this.

Mr. MESSNER. Thank you.

[Mr. Kinstlinger's prepared statement appears on page 1937.]

Mr. MINETA. There being no further business before this subcommittee, the subcommittee stands adjourned.

[Whereupon, at 6:42 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.]

American Automobile Association

Government Affairs

Testimony of

John Archer
American Automobile Association

Before the

Subcommittee on Surface Transportation

Re the

Reauthorization of the Surface Transportation Program

April 18, 1991

The American Automobile Association is the largest motoring and travel organization in the world. AAA's more than 1,000 affiliated club and branch offices are located throughout the United States and Canada. AAA, a fully tax-paying not-for-profit organization, offers a wide range of member services and works for the improvement of motoring and traveling conditions.

The American Automobile Association, serving more than 32 million members, appreciates this opportunity to comment on the reauthorization of the federal highway program and the current reexamination of U.S. surface transportation.

The public including AAA members expect Congress and the Administration to act responsibly by reauthorizing the Federal-Aid Highway Program before it expires on September 30, 1991.

When contemplating possible changes in transportation it is essential to focus on one simple but critical fact: **Americans depend on cars to get to work and to lead their everyday lives. Indeed, the entire economy depends on the motor vehicle.**

This perspective strongly influences AAA's views on the ten issues AAA will address today:

- **timely reauthorization or extension of the Federal-Aid Highway Program**
- **opposition to a gas tax increase for deficit reduction**
- **highway funding**
- **highway system expansion**
- **scenic roads**
- **traffic congestion**
- **Intelligent Vehicle/Highway Systems**
- **highway safety**
- **maintenance of truck size and weight limits; and**
- **toll financing**

## ACT RESPONSIBLY - REAUTHORIZE EXPEDIENTLY OR EXTEND THE FEDERAL-AID HIGHWAY PROGRAM

The worst case for the motoring public would be for Congress and the President to fail to agree on reauthorization legislation.

The practical realities of a working Federal, State and local partnership require a steady and reliable flow of revenues. The problem is not the availability of funds - the highway user has already paid. **Highway users, your constituents, deserve a bill signed into law prior to expiration of current law on September 30, 1991.**

AAA joins practically every state and surface transportation group in seeking a multi-year reauthorization of the Federal-Aid Highway Program. AAA, at the national, state and local level, supported extensive multiyear funding in the so-called "2020 process"--that of looking at highway planning to the year 2020- and through the Transportation Alternatives Group, a dozen public and private organizations with transportation interests.

**AAA continues to believe that a long-term visionary surface transportation legislation is needed to help guide the U.S. into the 21st century. But if attempts to enact a multi-year bill bog down or lead to a sustained veto, a simple two-year extension must be enacted prior to this year's Congressional adjournment. Allowing the federal program to lapse with highway user taxes already extended for 5 years would be inexcusable.**

## OPPOSE ANY GAS TAX INCREASE FOR DEFICIT REDUCTION

**President Bush** should return to his campaign pledge to AAA and oppose any increase in the gasoline tax for deficit reduction. In a 1988 letter to AAA he stated the following:

> **"A gas tax increase to balance the budget would particularly hurt lower wage earners, families with both spouses working, and farmers and residents of Western states who have to drive long distances... Let me say it one more time: As President, I will oppose any attempt to raise taxes to balance the budget. That means gas taxes, too."**

Diverting user fees to the general operating expenses of the Federal Government is wrong and will ultimately destroy the dedicated funding process that has brought the U.S. a highway network that is the envy of the world.

## HIGHWAY PROGRAM

The Administration's proposal (H.R.1351) to establish three major funding categories--the National Highway System (NHS), Bridge and Urban/Rural--is a good start and deserves serious consideration. But if separation of the rural or urban category into two categories will help alleviate urban/rural conflicts, the two should be separated to avoid unnecessary political squabbles.

AAA also agrees with the Administration's proposal to provide a higher percentage of federal funds (a higher match) on routes of national significance--the system the Administration calls the National Highway System.

AAA has long cared about the Interstate Highway Program and where feasible would like to see it expanded. AAA particularly would like to see more bypasses around congested urban areas, and outer beltways.

Whether those roads would be designated as part of an expanded Interstate system or labeled part of a "National Highway System" or a "system of national significance" is not really important. But they should be built to the safe design standards of today's limited access highways. Of course that is going to take more money.

HIGHWAY FUNDING

The Federal Highway Trust Fund now annually produces approximately $17 billion in tax revenues and interest income earmarked for road and bridge construction and repair. Let's restore trust in the trust fund concept by spending that money on roads -- not on making the deficit look smaller.

AAA supports spending all available Federal trust fund revenues, including the interest, and recapturing the 2.5 cent portion of the federal gas tax now earmarked for deficit reduction. Spending the revenue road users have already paid will help restore the efficacy of the basic user fee concept.

Last year forty-seven of the nations' Governors urged the Appropriations Committee "... not to deprive taxpayers of some $3 billion worth of transportation improvements they are paying for at the gas pump this year." AAA strongly agreed with those 47 Governors that "... at a time when highway and bridge needs are critical and expenditures inadequate, gas tax revenues continue to accumulate in the Highway Trust Fund."

Unfortunately, under the Administration's proposal, Trust Fund balances would continue to increase. In the first year alone the cash balance in the Trust Fund earmarked for roads and bridge construction and repair is forecasted to grow from $11.1 billion in FY '91 to $12.6 billion in FY '92.

The authorizing committees should continue to exercise leadership by forcefully pressing the Administration and other Congressional Committees at every opportunity to spend all the revenue paid by the motoring public on needed transportation improvements. Obligation ceilings should be set no lower than total annual federal revenues derived from highway user taxes, including revenues from the new 5-cent gasoline tax and all of the interest.

TRAFFIC CONGESTION

Highway funding concerns relate directly to another key issue: traffic congestion. The rallying cry for roads used to be "Get the farmer out of the mud!" Today it's "Get the commuter out of gridlock!"

That's obviously of great interest to AAA. Our members comprise about 20 percent of the U.S. adult driving population. They want a better planned, more efficient transportation system.

But better planning means more realistic planning that emphasizes incentives, not penalties. For example, if the federal government wants to encourage public transportation it could make the cost of commuting to work by public transportation tax deductible. It should not tax free parking, as some suggest.

Successful intermodal planning emphasizes linkages to the automobile because the auto is the dominant mode of travel. If you want to improve transit ridership, increase parking at subway stops, especially end-of-the-line stations.

AAA supports all reasonable efforts to reduce congestion that preserve personal mobility and don't discriminate against the motorist.

Examples include some of the old reliables, such as:

- synchronized traffic signals;
- fringe parking for transit;
- car and van pools;
- separately constructed car and van pool lanes;
- staggered work hours; and
- realistic land use planning.

We also support some approaches that are more controversial, including:

- restrictions on large trucks and other delivery vehicles to refrain from using crowded urban beltways and streets during rush hours;
- and for the future, intelligent cars and highways.

As noted earlier, bypasses around congested urban areas and outer beltways--where feasible--also would help relieve traffic congestion, particularly in suburban areas with disbursed housing patterns.

Commuting to work increasingly is suburb-to-suburb and suburb to exurb; in these areas the solution to traffic congestion is more roads -- not more fixed rail transit. Fixed transit simply does not and cannot follow shifting population patterns. And even more importantly, transit typically is not compatible with today's commuting patterns, which often include essential child care and school stops prior to and after work.

AAA takes strong exception to those who contend new roads do not help alleviate traffic congestion. While new development obviously brings new traffic to an area, social and economic changes have had a more far-reaching effect on travel growth.

Growth in the number of jobs, especially growing numbers of women in the workforce, increased disposable income and more cars per household; and a low density suburban lifestyle all substantially contributed to increasing vehicles miles traveled.

In the U.S. these trends came together during the 1970s as the baby boom generation entered the prime working years. Between 1969 and 1983, total highway travel increased 56 percent -- more than three times the growth in U.S. population, and twice the increase in the number of persons of driving age. Census data show that even in areas of the United States where population declined, vehicle miles traveled increased substantially.

**The bottom line is traffic congestion mushroomed because road construction did not remotely keep pace with economic, social and demographic changes which dramatically increased vehicles miles travelled -- especially in burgeoning suburban/exurban areas.**

Alleviating that congestion will require expanded highway capacity. High occupancy vehicles (HOV) lanes particularly have the potential to carry large members of people and therefore help alleviate congestion.

Realistically, transit--except possibly for rubber tired transit--cannot appreciably help; it is largely incompatible with suburban-exurban disbursed housing patterns.

## INTELLIGENT CARS/HIGHWAYS

Advanced technologies offer potential for reducing urban congestion in the future through more efficient use of the freeway and roadway system. Artificial intelligence is currently being tested in various areas associated with driver safety, travel information and routing systems, all designed to make the task of getting from point A to point B a less aggravating experience.

Advanced technology researchers are experimenting with computers, digital maps, and telecommunications, searching for high-tech systems that will manage traffic and keep it flowing. The goal is to integrate roads with vehicles into a smoothly running, efficient transportation system. AAA supports this futuristic technology and has backed that support with active and extensive participation in the Orlando "TravTek" project.

## HIGHWAY SAFETY

Intelligent cars/highways relate to another paramount concern: Highway Safety. Traffic safety was one of AAA's founding fathers' prime concerns. It remains a paramount AAA concern.

AAA believes it is essential to focus on highway safety when considering national transportation policy. As Secretary Skinner has repeatedly stated, **safety should be transportation's number one concern.**

**More than 44,000 people are killed and 3 million injured in traffic accidents each year. Because vehicle miles traveled are expected to double by the year 2020, fatalities would increase to close to 90,000 in 2020 if the fatality rate is not reduced.**

In addition to continued growth in motor vehicle travel, other charges in the travel environment threaten to intensify highway safety concerns. More older drivers and pedestrians, more large-truck travel, possibly greater disparity in vehicle size and weight, and a more congested and aging highway infrastructure -- all threaten to increase the number of deaths and injuries on the highways in the coming decades.

In light of these harsh realities, **it is essential to implement all reasonable highway safety measures.** Although there is no single "magic bullet" countermeasure to eliminate highway deaths and injuries, substantial safety improvements are possible.

The vehicle can be designed to protect occupants better in a crash; more can be done to pinpoint, and then relieve, the instances in which the driver makes an error, and the highway itself can be designed to be less hazardous. Specific examples includes:

- **Development of a more "forgiving" highway environment;**
- **Automatic passenger restraints in all passenger vehicles;**
- **Universal adoption of effective safety belt laws and motorcycle helmets;**
- **Improved bicycle safety, especially bikeways and bike paths to separate bikes from motor vehicles;**
- **Increased emphasis on pedestrian safety, especially universal traffic safety education for younger children.**

- Application of all federal motor vehicle safety standards to vans, minivans and pick-up trucks;
- Strengthened laws against drunk and drugged driving;
- Anti-lock brakes in all vehicles, especially large trucks;
- Disc brakes in all vehicles, especially large trucks;
- Automatic slack adjustors in large combination trucks;
- On-board recorders in large "over-the-road" combination trucks;
- A variety of other truck safety measures, particularly continuing and effective implementation of improved licensing and testing standards, and the single license requirement; and
- increased highway safety funding.

The highly successful results of drunk driving and safety belt legislation and public use campaigns attest to the public interest in improving highway safety. **The public demands and expects significant improvements in highway safety.**

Today's population of more than 160 million motorists and 180 million motor vehicles are sure to increase. **The number of annual traffic fatalities must be decreased! More than 120 people killed each day on the nation's highways, roads and streets is a national disgrace.**

**Congress should intensify its interest in demanding improved highway safety.**

## AAA OPPOSES GREATER USE OF LONGER COMBINATION TRUCKS

Large, heavy combination vehicles are a fact of life on America's roads. They are a necessary fact. The trucking industry employs 7.2 million Americans and serves every community in the United States. Two-thirds of all American communities are served by no other mode of freight transportation.

More than 191 million motor vehicles are registered for use on America's highways. Truck combinations alone represent more than 1.5 million vehicles.

Serious problems result from this vehicle mix. Trucks are over-represented in fatal accidents. Over the past several years, combination trucks have experienced a fatal accident rate twice that of passenger cars.

In 1989, according to National Safety Council (NSC) data, passenger cars constituted 75 percent of the registered vehicles and were involved in a much smaller percentage of the fatal accidents, (53.5 percent). Trucks had the opposite experience. **Trucks constituted 22.6 percent of the vehicles registered and were involved in 38 percent of the fatal accidents.**

Additional data from the NSC indicates that combination trucks represented 0.8 percent of vehicle registrations but experienced 5.6 percent of all accidents.

**In fatal crashes involving passenger cars and tractor-trailers, car occupants are killed 38 times as often as truck occupants.**

A passenger car can stop in 140 to 150 feet from 60-miles-per-hour on a dry road. However, a loaded, tractor-trailer combination truck under similar conditions, takes 250 to 300 feet to stop. An empty combination can take up to 400 feet!

Those stopping distances are for vehicles with properly adjusted brakes. Your car and mine have self-adjusting brakes. But brakes on most large trucks are not self-adjusting, a technological deficiency reflected in alarming truck inspection results: **approximately 30 percent of large trucks inspected are put out of service because of deficient brakes.**

**No wonder motorists feel intimidated by the increasing numbers of large trucks in the traffic stream.**

And now, the trucking industry wants to run even bigger trucks on our highways! Longer combination vehicles, or LCVs. As you are aware, LCV's consist of a truck-tractor pulling:

- three 28 foot trailers (known as triples), that can be almost 110 feet in overall length, and weigh in excess of 110,000 pounds; or,
- a 48 foot trailer and a 28 foot trailer (known as a rocky mountain double), which can be over 90 feet in length and weigh in excess of 100,000 pounds; or,
- two 48 foot trailers (known as a turnpike double), which can be almost 120 feet long and weigh in excess of 120,000 pounds.

Although these trucks have been used for years, primarily in Western states, they are operated by the industry's best drivers under very tightly-controlled conditions on some of the safest roads in the world. In more normal traffic environments, LCVs pose grave potential safety hazards.

For instance, it takes longer to pass them, and their heavier weights cause more trouble maintaining constant speeds on grades.

The additional distance necessary to pass a 110 foot truck as opposed to the traditional 65 foot truck would vary depending on the speed differential between the truck and the passing motorist. At a speed differential of 5 mph, it would take a motorist an additional 494 feet to pass these larger vehicles. A speed differential of 15 mph would reduce that distance but still require 165 additional feet to safely pass the truck.

A 1984 study undertaken by the California Department of Transportation (CALTRANS) tested LCV use over a 1,200 mile route. The study disclosed several disturbing findings. Triples had a continual sideways sway of four to six inches while traveling over open road segments. This swaying at times increased to well over one foot and "had a noticeable effect on adjacent traffic."

Triples also had a noticeable impact on urban arterials, roadside rest areas and at truck weighing scales because of their longer lengths.

Turnpike doubles were the least maneuverable of the combinations tested. They had problems with interchanges, intersections and off-tracking tests. They even had problems maneuvering through the latest design interchanges in rural areas. A survey of state highway departments by American Association of State Highway and Transportation Officials (AASHTO) found that only about 25 percent of the interchanges on the Interstate System could safely accommodate turnpike double combinations.

Information contained in the Model Driver's Manual for Commercial Vehicle Driver Licensing, developed for use by the Essex Corporation, further underscores the potential safety problems associated with increased use of LCVs.

The manual states, "Trucks with trailers have a dangerous 'crack-the-whip' effect. When you make a quick lane change, the crack-the-whip effect can turn the trailer over. There are many accidents where only the trailer has overturned."

The **"crack-the-whip"** effect is caused **by rearward amplification.** This is the condition that was apparent in the CALTRANS study mentioned earlier.

The manual also details the degree of risk for trailer rollover because of rearward amplification. Triples have a rearward amplification factor of 3.5, the highest of the eight vehicle combinations rated, which means the last trailer of a triples combination can be rolled over 3.5 times as easily as a five-axle tractor semitrailer with a 45 ft. trailer.

THE HUMAN FACTOR

The driving population is getting older. According to a Transportation Research Board report on Transportation in an Aging Society, a growing percentage of the U.S. population is over 65 years of age. Improvements in medicine and health care are prolonging usable years. With an increasing number of older people living in the suburbs, fewer will want to give up access to their automobiles. As it is, more than 80 percent of trips made by those 65 and over are made in an automobile, and that reliance is growing.

Information from the Federal Highway Administration discloses that licensed drivers 55-59 increased in number by 22.3 percent between 1970 and 1989. Licensed drivers 60 and over increased by 105.1 percent over the same period, and for the group 70 and over, the growth was a whopping 180.7 percent!

In 1989, licensed drivers 55 and over accounted for 24.3 percent of the driving population. According to University of Florida research, by the year 2000, one-third of American drivers will be over 55 years of age.

In 1989, a Conference on "Research and Development Needed to Improve Safety and Mobility of Older Drivers" was held at the National Library of Medicine in Bethesda, Maryland. In a keynote address, Dr. Patricia Waller, Director of the Transportation Research Institute at the University of Michigan, explored the trade-offs between mobility and safety for older drivers:

> As a group, older drivers are more likely to be seriously injured or killed in a motor vehicle crash. Older drivers who survive a crash are more likely than younger drivers to succumb later.

Older drivers have slower reaction times. They may be on medications that adversely affect their driving. They tend to drive slower. They may have diminished eyesight and physical strength.

AAA MEMBER CONCERNS

Our highway transportation system was not designed with the older driver in mind, but increasing older drivers are the ones who use it. A 1988 legislative survey of AAA members in five states prepared by AAA's Department of Market Analysis and Research found that 89 percent of the respondents were strongly opposed to increasing truck lengths. Members 55 and older were significantly more opposed: 92 percent of this group said "NO!"

AAA is particularly sensitive to older driver concerns: 50 percent of AAA master members (the primary member in a family membership) are more than 55 years of age and 33 percent are more than 65 years old.

AAA legislative surveys are consistent with a study released early in 1990 by the AAA Foundation for Traffic Safety entitled **"Older Drivers' Perceptions of Problems in Freeway Use." That study found that older drivers have particular problems interacting with large trucks.**

> **"Trucks received the overall highest rating of importance regarding dislike of freeways among the factors in the questionnaire, and focus group discussions confirmed the prominence of this concern. 'Large' trucks came up as a major discussion point in virtually every group, and the intensity of feeling expressed left little doubt about the significance of this concern to the older driver....**Sharing the freeway with large trucks, ... made many of the people in the focus groups uncomfortable and very nervous. Several indicated that this was the reason for avoiding freeways, and some timed trips to avoid periods of heavier truck traffic. A number of specific problems or complaints about trucks were mentioned repeatedly. These included: being tailgated by large trucks; trucks blocking the view of traffic and signs, both forward and to the sides; blinding truck headlights (either

approaching or in rear view mirror); speeding, rudeness, and recklessness of some truck drivers; spray and wind from trucks....Whatever the specific reasons, it is clear that interacting with truck traffic is quite anxiety provoking for many older drivers, and a major concern on freeways."

**AAA club poll after club poll consistently find heavy trucks on our members' list of things they hate to face on our roads today. And they don't want them getting bigger.** Our members do not want to face combination vehicles that could run 110 to 120 feet long -- especially when the average automobile is only about 2,700-3,000 pounds.

**INDUSTRY CONTENTIONS:**

The trucking industry contends increased use of LCVs would lower the number of trucks on the roads, thereby reducing energy use, air pollution and highway congestion.

This same argument was used by the industry back in the 1970's during the energy crisis when trucks were allowed to carry cargo in excess of existing weight limits. The same line was also used during the debate on the 1982 Highway Act, which mandated the 80,000 pound weight limit; the use of twin trailers; and, the use of 48 foot semi-trailers.

But larger trucks did not lead to reduced combination truck registrations according to FHWA's Highway Statistics. Nor was there any reduction in vehicle miles traveled (VMT).

For every year since 1981 (except for a small downturn in 1986) there has been an annual growth in the number of combination vehicles registered and in the number of vehicle miles traveled. **Between 1981 and 1989, combination truck registrations have increased 26% and VMT 38.2%.** The exact figures are these:

| | Combination Trucks | |
|---|---|---|
| | Registrations | VMT (millions of vehicle miles) |
| 1981 | 1,261,202 | 69,134 |
| 1982 | 1,265,321 | 66,668 |
| 1983 | 1,304,041 | 69,754 |
| 1984 | 1,340,144 | 77,367 |
| 1985 | 1,403,266 | 79,600 |
| 1986 | 1,398,937 | 81,833 |
| 1987 | 1,418,514 | 86,064 |
| 1988 | 1,476,241 | 90,149 |
| 1989 | 1,589,285 | 95,657 |

Most of the trucking industry is not now asking Congress to require states to allow use of LCVs. Not yet!

Now a segment of he industry is asking the states be given the discretion to allow the use of LCVs having gross weights in excess of 80,000 pounds. But this change would be much greater than it initially seems: many states have mandated state acceptance of the federal weight limits. Thus, removal of federal limits would immediately require use of LCVs in more states.

Such a change also would be the first step in obtaining an extensive network for the operation of LCVs. It would not be long before the industry would conduct an all-out campaign in the states to convince legislatures that their laws should be in compliance with the more permissive states.

Not long thereafter, the industry would be back at Congress's door asking for a national network for LCVs in the interest of nationwide "uniformity" and greater productivity.

Past history confirms this industry strategy. The Federal-Aid Highway Act of 1974 gave the trucking industry permissive "productivity" increases in truck weights to 80,000 pounds from the legal maximum gross vehicle weight of 73,280 pounds. By 1982 the industry was back at Congress' door successfully asking that the 80,000 pound limit be mandated since not all states had adopted the permissive 80,000 weight standard.

In summary, AAA members consistently express outrage that they might be forced to share the road with even bigger and heavier trucks.

AAA will oppose any efforts to liberalize the use of LCVs. There are just too many safety issues to resolve before expanding their use, particularly because such a change would be an irrevocable decision. Practically speaking, once mandated, LCVs would never be banned regardless of their safety problems.

If the shipping and trucking industries want huge trucks so desperately why doesn't industry support separate truck roads? Separate highways designed specifically to carry huge trucks would eliminate inherent safety conflicts and reduce the deterioration of auto roads (truck-related pavement damage is approximately 10,000 times worse than car-related damage). The estimated $4 billion in "productivity increases" which LCV proponents often contend would result from nationwide use of LCV's could be used to build separate roads for those immense vehicles.

Our current highway system isn't designed for LCVs. Other users of that system shouldn't be abused by LCV's or indirectly forced to pay for them.

Congress -- and particularly this subcommittee -- is to be commended for the leadership it has demonstrated in truck safety issues in recent years. But in those years Congress has also curtailed state authority to place limitations on truck dimensions. Congress should not turn its back on the potential dangers of LCVs and throw the decision back into the laps of states while preempting the states' powers to address these issues.

SCENIC ROADS

AAA endorses the three key recommended options included in FHWA's recent excellent scenic roads study:

- Launching an "All-American Roads" program to designate roads with unique scenic, cultural, or historic value and to identify them with special signs.
- Dedicating an office in the Department of Transportation to help federal, state, and local agencies with their scenic roads program and to serve as a clearinghouse for news about the design, operation, maintenance, and marketing of scenic roads.
- Making federal highway funds available to states to start or expand their scenic roads.

Increasingly, AAA has members who want more pleasant alternatives to Interstate travel. They want to travel on roads that take them through the most scenic, historic, or culturally interesting areas.

To satisfy that desire, AAA has designated approximately 30,000-miles of U.S. scenic roads. To be included, a road must meet at least one of five criteria:

- **quintessential scenery** (the best of the characteristic features or scenery of a state or region)
- **natural beauty** (strikingly scenic, natural features)
- **cultural beauty** (architectural, historic, or economic activities)
- **uniqueness** (usually a limited area unique to a region), and
- **scenic roads on public land** (byways designated by the federal government)

Scenic roads also have significant economic potential because of the synergistic relationship between scenic roads, tourism and the economy:

- Approximately 17 percent of all personal driving by Americans is for vacations or other forms of recreation;
- Tourism is one of the top three employers in more than 37 states;
- Approximately 70 percent of foreign visitors use a car at least part of the time when visiting the U.S.;
- More than 80 percent of U.S. vacation travel is done by car, truck or recreational vehicle; and
- Foreign tourism has become the nation's number one "export", accounting for $34 billion, which helps to alleviate the U.S. balance-of-payments deficit.

A scenic roads program has the potential to benefit vacationers and at the same time produce substantial revenue for states and private interests alike. For the highway program it has added potential: expanded political support for transportation at a time when it needs it. Organizations that care about tourism may actively support the highway program if scenic roads are a part of the bill.

A national (not federal) scenic roads system should be designated and eligible for federal funding. States also should be allowed to use federal funds to plan and improve their own scenic roads system.

An office of scenic roads in the U.S. Department of Transportation could substantially aid implementation of a scenic roads program. It could serve as a central clearinghouse for information about state and local programs, help guide state and local governments in designating and marking their scenic roads, issue maps and publications about the national "All American" scenic roads system, and work with the United States Travel & Tourism Administration in marketing U.S. scenic roads overseas.

## TOLL ROADS

Understandably scarcity of road funds is driving the call for greater use of tolls. **But AAA remains opposed to toll financing for a number of reasons.**

**Excessive Cost:** Toll roads will probably cost 3 to 4 times as much as toll-free roads, primarily because of bond interest charges and toll collection costs.

**Double Taxation:** If gas taxes are used to construct new toll roads, motorists will be paying twice -- once at the pump, once at the toll booth.

**Breach of Trust:** Highway users have paid literally hundreds of billions of dollars to construct the nation's highway system; they should not now be charged a toll to use it.

**Inefficiency:** Currently, fifteen percent of toll revenues are needed for the collection process while only one percent of motor fuel taxes are devoted to tax collection.

**Inconvenience:** Toll roads often provide few exits in order to minimize the number and therefore the costs of toll personnel. Users can't get off the road at convenient places and people living in some small communities cannot use toll roads built right next to them.

In taking an anti-toll stance, **AAA doesn't minimize today's serious funding problem. But there are better ways than toll financing to solve it, such as spending down the Highway Trust Fund balance, impact fees, and traditional taxing methods.**

## CONCLUSION

AAA strongly urges prompt enactment of long-term highway legislation funded by all currently available highway user revenues. Obligation ceilings should be set no lower than total annual federal revenues derived from highway user taxes, including revenues from the new 5-cent gasoline tax and all Federal Highway Trust Fund interest.

Particular emphasis should be placed on highway safety and alleviation of traffic congestion. Congress should resist calls for longer and heavier trucks (LCVs) and excessive reliance on toll financing. Research and scenic roads also should be supported.

Thank you for the opportunity to express AAA's views on these important issues.

BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON SURFACE TRANSPORTATION
OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

April 18, 1991
Washington, DC

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Statement of the
AMERICAN TRUCKING ASSOCIATIONS, INC.

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ON

# Surface Transportation Assistance Act of 1991

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Lana R. Batts
Senior Vice President

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## I. INTRODUCTION

Chairman Mineta, members of the committee, my name is Lana R. Batts. I am Senior Vice President of the American Trucking Associations, the national trade association of the trucking industry. With me is Bob Farris, Vice President for Policy. ATA's membership includes more than 4,100 carriers and suppliers of all sizes and types. ATA is the national federation of the trucking industry with affiliated associations in every state and the District of Columbia and 10 conferences. In aggregate, ATA represents every type and class of motor carrier in the country, and combined with ATA's direct membership, we are an association of over 30,000 member trucking companies.

I appreciate this opportunity to present the views of the trucking industry concerning the Department of Transportation (DOT) proposal for the Surface Transportation Assistance Act of 1991 (STAA-91) an Act of critical importance to the nation and its trucking industry. I will concentrate my remarks in seven areas:

- The Highway Program
- Productivity
- Intermodal Transportation
- Taxation
- Safety
- Weight Enforcement
- Research

Let me begin by explaining the role of the trucking industry, the importance of highways to the industry and to the economic health of this country, and the new global marketplace.

- Over 78% of this Nation's freight and your states' produce, goods and materials, as measured by value, move on the nation's highways in commercial trucks.
- The trucking industry, as a whole, earns some $257 billion in annual gross freight revenues, and generates fully 5% of our Gross National Product.
- We employ over seven and a half million Americans who earn over $169 billion annually in wages.
- The trucking industry pays over $22 billion annually in state and federal taxes. Over $8.5 billion go into the Federal Highway Trust Fund to maintain the roads we use. Trucks use every stretch of highway in the nation and companies pay user taxes for the roads they use.

Highways -- their location, availability and general condition -- impact on the trucking industry's productivity. Without a sound highway system everyone suffers, trucks cannot do their job effectively, and both business and the consumer must pay for the inefficiencies. With quality highways, mobility and flexibility increase, in turn permitting and encouraging U.S. industry to consider management innovations. For example, "just-in-time inventory delivery" which reduces inventory cost and improves capital resource management, is implicitly tied to the highway and transportation infrastructure, and relies on the ability of that infrastructure to meet the demands of the nation's commercial traffic. The increased productivity benefits improve the position of business and consumers and therefore the economy of the nation. Nations without a sound highway system and an efficient and productive trucking industry cannot begin to implement a just-in-time logistic systems.

But the nation's economy cannot be considered in isolation. We now find ourselves in a rapidly changing worldwide marketplace. We already face stiff economic competition from within our global village. But, when we look to the

east, we see a continent with arguably the best transportation infrastructure in the world and one that is constantly improving. Japan just recently announced a multi-billion-dollar infrastructure investment program focusing on highway improvement that will continue to make her a strong competitor into the next century.

The United States must challenge foreign competitors by becoming more effective in moving its goods to the international markets. A federally coordinated, state-managed system of highways, tailored and shaped to meet the needs of the states and their industries, will provide the centerpiece this nation needs to compete in a global economy. In this regard, the Department of Transportation (DOT) has assembled a comprehensive five-year Surface Transportation Assistance Act proposal that establishes a highway supportive framework which the trucking industry is very pleased to support. We particularly commend the DOT for committing to a five-year federal program designed to provide adequate funding and technical support for a restructured National Highway System for the nation. This National Highway System will strengthen the abilities of individuals and industry to manage resources, capital and time in the most efficient, flexible and productive manner. However, we are disappointed in the level of funding included in the proposal. We believe the funding level should be increased but without any new taxes. The surplus in the Trust Fund should be spent on highways before any new taxes are proposed. We oppose the additional five cents being proposed by some in Congress. To paraphrase an old saying, "We gave at the office" last October.

## II. THE 1992-1996 FEDERAL AID HIGHWAY PROGRAM

The American Trucking Associations (ATA) believes the Department of Transportation's (DOT) proposal for the Surface Transportation Assistance Act of 1991 (STAA-91) is sound in concept and provides a basis for the development of a good bill by the Congress. Major elements of the DOT's legislation directly compare with the recommendations and proposals by several surface transportation groups that have been developed over the past two years. These include passage of a 5-year bill to provide:

- o No new taxes
- o Continuity to the highway program,
- o Consolidation of highway programs,
- o Greater flexibility for the states in the use of federal highways and transit funds, and
- o Increased expenditures for research and development.

The Administration's bill calls for gradually increased expenditures, without any new taxes. ATA supports this approach. Last October, highway users were hit with a five-cent fuel tax increase -- half of which went into the General Treasury for non-highway purposes. The other half was directed to the Highway Trust Fund -- but could not be spent. We believe that October's five cents should first be spent before highway users are asked to give again. As a result, we are opposed to any new taxes such as those being proposed in Congress.

The DOT proposal includes many of the concepts previously outlined by ATA. In testimony to this committee on March 15, 1990, President Tom Donohue stated:

> "...ATA believes that the preservation, expansion, and reconstruction of the National System of Interstate and Defense Highways and major Primary highways of national concern should be the cornerstone of a new federal highway program."

This remains one of the major objectives of the trucking industry as the Congress works toward a new federal aid highway program to replace the Interstate system program which has been the focus of federal action since 1956.

While construction of the Interstate system, as now defined, is now essentially completed, reconstruction and rehabilitation of that system and some expansion of capacity in certain areas should remain a major part of the federal aid highway program for many years to come. The nation has now, however, reached the point where, in order to meet the mobility needs of our economy and the challenges of international competitiveness, good highways must be provided to many more points of industry, commerce and population. To provide these needed roads, a system broader than just the Interstate; a truly National Highway System is needed and is strongly supported by many national groups, including the American Trucking Associations.

National Highway System

To meet pressing infrastructure needs and to adequately develop a new National Highway System, increased federal highway funding is clearly necessary. The new National System should consist of a minimum of 150,000 miles to effectively connect all of the nation's population centers and centers of commerce and industry. It should include the Interstate System and other arterial routes necessary to develop a network national in scope. Routes critical to energy and national security, like those in Alaska and else where, should be added. The federal government must continue to assume primary responsibility for financing, construction and reconstruction of this new National System. STAA-91, as proposed by the Department of Transportation, provides for such a system of highways of national significance now labeled "National Highway System." The basic system as outlined



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by DOT meets the requirements of ATA. The proposal calls for increased funding for this system over the five-year authorization period with substantially higher levels in later years. However, the funding provided by the proposal does not propose to draw down the balance in the Highway Trust Fund. In fact, it will result in a somewhat higher balance in the Trust Fund at the end of the period. ATA considers this spending level inadequate and agrees with the committee leadership proposal to spend all of the funds coming into the Highway Trust Fund and to draw down the balance to a reasonable operating level. New taxes are not needed at this time to fund increased expenditures.

The scope of the National Highway System as envisioned by DOT fulfills the promise made by the Congress in 1982 -- the promise of improved productivity by access to communities and facilities previously limited by arbitrary rules. ATA applauds the proposal to open up the National Highway System to vehicles of the length and configuration authorized under the Surface Transportation Assistance Act of 1982, and urges the committee to include this language in its legislation.

Additionally, as these arterial routes are incorporated into the National Highway System they should be systematically upgraded to standards that are adequate for the traffic volumes and vehicle populations using such routes. These National Highway System routes will carry 45% of all vehicle traffic, including more than 70 percent of the nation's commercial freight. It will require increased funding to meet these higher highway standards. Some may need to be upgraded to near Interstate System standards, but many may simply need to be rehabilitated to provide for modern geometric design and adequate traffic movement. Relieving congestion in urban areas on these arterial connectors should also be a priority for the National Highway System. This may be accomplished by applying traffic management systems, or by adding lanes, or in other instances, new routes. The objective must

be to improve mobility for all intercity traffic as efficiently as possible, not restrict it!

Urban/Rural Systems

The proposed STAA-91 replaces the current Interstate program, and the federal aid primary programs with the new NHS program. The federal aid secondary and urban programs and some smaller programs are combined into new federal aid urban/rural highway package. Any public road except those functionally classified as a local road or rural minor collector would become eligible for funding from this new urban/rural program. States, in conjunction with urban and rural areas within these states, may allocate these funds in the way which best meets the economic and access needs of the business, counties and cities served by these highways. ATA believes that it is imperative that federal funding continue for routes of local and regional interests. America's industry must have unimpeded commercial highway travel ability if America's business is to be served efficiently, productively and cost effectively.

There will continue to be highway projects on routes which connect with the National Highway System where the cost will be beyond the resources of localities or the states. For this reason, the trucking industry believes that major federal aid funding for the urban/rural system must continue throughout the five-year program.

ATA urges that states, in the utilization of these funds as well as National Highway System funds, carefully consider the excellent cost-benefit ratios which can be achieved through modernization of traffic management, geometric design and pavement widening, and the traffic flow benefits of incident management programs. For example, a study recently conducted for the Trucking Research Institute of incident management programs in several major cities revealed the opportunity to

programs. Such programs do entail costs to states and localities, but benefits far outweigh the limited costs by almost 17 to 1! Similar major benefits have been achieved through innovative traffic management techniques and removal of built-in bottlenecks on poorly designed routes.

**Bridge Program**

The proposed STAA of 1991 provides for a continued federal aid bridge program for major bridges and for secondary and urban road bridges off the Nation Highway System. This program is necessary to support and improve urban, suburban and rural mobility. Many interstate freight movements begin or end on lesser rural and urban routes. Federal aid programs are needed for major construction projects on these routes.

The Transportation Research Board estimates that 120,000 of the 550,000 bridges on non-Interstate and non-federal aid highways are posted, indicating inadequate load-bearing capacity to accommodate legal vehicles. These restrictions place communities and their businesses at a competitive disadvantage by limiting the productivity of motor carriers using these bridges, and force their vehicles to take longer, more costly routes. ATA recommends that states be permitted to use federal-aid funds to strengthen the load-limiting features of non-Interstate and non-federal aid system bridges without concurrent upgrading of bridge functional and geometric features. Many substandard bridges can be strengthened with low-cost retrofits.

**Management Systems**

The Administration's proposal provides that each state must establish a bridge, pavement, safety, and congestion management system. ATA endorses the basic

concept of such systems within the overall context of efficient and productive management of the highway system.

ATA supports a pavement design policy that minimizes long-term life-cycle construction, maintenance and highway user costs for major highways -- a policy that requires the construction of stronger pavement structures with better draining base courses. Built right the first time, our highways will hold up better, rehabilitation and maintenance costs will be less, direct user costs will be lower. The trucking industry and other highway users pay for these highway engineering problems. We are all learning that doing it right the first time pays off in increased benefits at a lower total cost.

In the fall of 1990, a group of Federal Highway Administration officials, American Association of State Highway and Transportation Officials, and Strategic Highway Research Program officials conducted a study tour of Europe to review European asphalt road building techniques. Basically the group found:

- o European pavements are better, more durable, and designed to last longer;
- o trucks are heavier and traffic volumes are higher;
- o more emphasis is placed on quality and effectiveness; and
- o better technology is implemented rapidly.

This country needs a program that takes advantage of these findings now. If we do not, European businesses will gain a competitive advantage simply because their logistics cost will be lower.

FHWA is also encouraging states to adopt cost-effective strategies for rehabilitating and maintaining highway bridges. These systems will evaluate alternative investment strategies and optimize agency bridge expenditures. ATA supports these requirements.

alternative investment strategies and optimize agency bridge expenditures. ATA supports these requirements.

Traffic congestion impedes the free flow of commerce in, around, and through urban areas. Long a problem for local pick-up and delivery services, congestion has rapidly spread to urban beltways and other through routes, adversely affecting the efficiency of line-haul goods movements.

Highway agencies can take a number of actions to increase the supply of highway facilities in urban areas that go beyond the traditional methods of new highway construction and freeway widening to alleviate congestion. These have come to be known as transportation systems management strategies -- improvements such as coordinated traffic signals, ramp metering, freeway surveillance and control systems, driver information systems, and coordinated response plans to incidents and accidents. ATA strongly supports these developments.

Our industry faces major daily delays caused by freeway incidents and accidents. To address this problem, the Trucking Research Institute initiated a research project to determine better ways to deal with non-recurrent congestion caused by freeway incidents and accidents, involving both cars and trucks. The study developed a program of initiatives -- grants, policies, model legislation, information and demonstrations -- that can expand and improve incident management programs in urban areas.

The study recommends that states:

- mandate the development of comprehensive metropolitan incident management programs;
- assign responsibility for implementation of these programs;
- establish clear lines of authority for the management of
- states adopt quick-clearance policies and require uniform annual reporting of incidents.

The study recommends that STAA-91 make capital and operating funds available to the states to set up or expand comprehensive incident management programs. We support funding in the initial two years at a ratio of 95 percent federal funds to 5 percent state matching funds, stepping down to a lower ratio in succeeding years. The study recommends further that federal transportation policy explicitly recognize the role and importance of incident management, and traffic management generally, in reducing congestion.

Trucks must have the freedom to move at all times on the nation's highways, roads and bridges in order to provide essential transportation between American communities, businesses, and industry.

Management systems of the type described previously can only do so much for the free flow of traffic. We must see an end to the arbitrary state and local restrictions that threaten the improvements to traffic management.

Tolls

The proposed DOT legislation contains several sections relating to innovative highway financing programs, including proposals for use of federal aid highway funds in conjunction with tolls. ATA commends the DOT for its initiative in bringing forward creative approaches to highway finance. In principle, however, ATA holds to its long-standing opposition to toll roads. We have in the past and will in the future support toll roads that are fully funded by toll revenues and that provide additional highway capacity in heavily congested areas. Tolls imposed for the purpose of "congestion pricing" as not, in our opinion the proper use of tolls.

ATA supports the basic concept of a toll-free National Highway System. Financing of highway improvements should rely on highway user taxes and receipts, exclusive of tolls.

- o The payment of tolls by motor carriers and other highway users constitutes double taxation. Motor carriers pay highway user taxes for the use of the facility and then must pay an additional charge in the form of a toll.

- o Congestion pricing is not a viable alternative to highway improvements to provide new capacity. Programs designed to reduce congestion through assessment of fees during peak travel periods attempt to discourage travel rather than increase mobility. The goal of a forward looking federal highway program should be to seek positive solutions to transportation problems, not to institute barriers or tolls to discourage or prevent mobility.

Toll roads tend to be self-perpetuating and foster conflicting highway systems. Because tolling authorities usually have independent bonding authority, there is no impetus to sunset these agencies after the bonds have been retired. This leads to toll road expansion without coordination with other transportation systems solely to expand or continue the bonding authority.

ATA objects to the Administration's proposal for a limited operational congestion pricing test for severe clean air non-attainment areas. Congestion pricing, when instituted as a form of rationing, distorts the marketplace and punishes those least able to pay. The economic gains to the economy of both just-in-time delivery as well as the low inventory stocking method would be significantly curtailed. Additionally, trucks, where possible, effectively self-regulate themselves. They tend to avoid morning and evening rush hours as long as it does not conflict with their customers delivery and pick up needs.

Foreign examples have only marginal application to larger American cities. Modern toll collection techniques are of little assistance to the occasional driver, the tourist, and the longer distance trucker. Manual collection practices fail to capture the occasional driver, the tourist, and the longer distance trucker. The lines of trucks and cars idling at toll booths would only contribute to air pollution. Should the Administration wish to pursue the "stick" approach, one might consider adding

parking surcharges in downtown lots and meters. ATA would much rather see an investment of scarce funds in the "carrot" of incident management programs, that was discussed earlier, that enhance mobility of people and goods.

Rail-Highway Crossings

Nationwide, the number of deaths and injuries occurring at rail-highway crossings has risen each year for the past five years. According to the Federal Railroad Administration, fatalities in 1989 increased to 801 -- 33% higher than the 1988 level of 600 -- the largest increase in five years. In contrast, the highway fatality rate involving heavy trucks has declined consistently over the last decade, according to data provided by the National Highway Traffic Safety Administration.

For the past 20 years, the response of the nation's railroads to the problem of grade crossing safety has been abysmal. The railroads' primary approach has been to suggest that highway users should pay for the entire cost of federal-aid grade crossing projects despite the obvious benefits of these improvements to the railroad industry. Since 1974, almost $5 billion of federal Highway Trust Fund money has been spent on grade crossing projects, to which the trucking industry has contributed a proportional $1.5 billion of highway user taxes. Exact information is unavailable on the corresponding railroad contributions, but our best estimate is that the railroads have contributed $55 million, or roughly 1% of the total costs of these projects. Prior to 1975, the congressional mandate then was for a minimum 10% contribution.

Despite the railroads' meager financial support and the record profits, the Administration bill goes one step further and repeals the final vestiges of required railroad participation. ATA strongly opposes this approach. We do not oppose rail crossing safety implements and, unlike the railroads, agree to pay our share. The railroads should be required to do no less.

To continue improving grade crossing safety and to achieve equity, ATA suggests that Congress enact legislation imposing a 10% cost-sharing requirement on railroad companies for the costs of all rail-highway grade crossing projects.

## III. THE PRODUCTIVITY OF THE TRUCKING INDUSTRY

The performance of the nation's economy in increasingly competitive international markets depends in large measure upon an effective and efficient transportation system. To achieve efficiency, the trucking industry must be able to operate its most productive equipment to serve the facilities of shippers and receivers throughout the nation.

As the nation's premier mover of freight, the American trucking industry has long recommended reasonable size and weight standards consistent with highway capability and the need for efficient, intelligent, and productive use of our country's vital resources. Alternative bridge formulas or modifications of the current federal bridge formula provide greater efficiency, safety, and mobility in the movement of goods without undue harm to roads and bridges or a decrease in safety.

### Truck Weight

In the Surface Transportation and Uniform Relocation Assistance Act of 1987, Congress directed the Transportation Research Board to conduct a study of federal axle and gross weight limits and the federal bridge formula. In response to that directive, the Transportation Research Board submitted to the Congress in July, 1990, Special Report 225 entitled **Truck Weight Limits, Issues and Options**. This scientific study found that considerable benefits would accrue to the nation's economy by allowing a change in the current federal weight limits through the issuance of special permits. The TRB study made six recommendations to Congress that promote the public interest, provide productivity gains to the economy, and improve the nation's international competitiveness. They are:

- o Replace the current H-15-based federal bridge formula with a new formula based on the HS-20 bridge design standard.
- o Allow states to establish special permit programs for vehicles over 80,000 pounds.
- o Take no action to restrict grandfather rights already claimed by states, but prevent future expansion of grandfather rights claims.
- o Set state special permit fees equal to increased highway costs.
- o Increase enforcement of truck weight laws.
- o Pursue regional cooperation in standardizing limits and permit practices.

The study found that implementing these recommendations on truck weight limits will reduce consumer costs by reducing the cost of moving goods by $5.48 billion per year. These benefits can be achieved by adopting the two major recommendations of the Transportation Research Board study, namely (1) changing the bridge formula for trucks under 80,000 pounds and (2) allowing states to establish special permit programs for vehicles weighing over 80,000 pounds gross weight. This proposal is simply to allow the states, if they choose to do so, to issue special permits for heavier vehicles without changing federal axle or gross weight limits now in the federal statute. As stated by Lester Hoel, former Chairman of the TRB Committee and Chairman of the Department of Engineering at the University of Virginia, this recommendation is simply to provide a level playing field so that all states may issue long-term special permits for vehicles over 80,000 pounds, similar to the permit programs allowed in 14 states. States would control the operating conditions, routes, and maximum weights allowed, all within the present federal axle and bridge formula requirements.

Allowing the states to exercise their own judgment in issuing these long-term special permits is in many ways similar to allowing the states to exercise their own judgment in allocating transit funds and urban/rural funds as proposed in the

legislation presented by the Administration. ATA is not proposing that any states be forced to permit heavier or longer trucks. If the state wishes to do so, it should do so under the controlled conditions outlined by the Transportation Research Board study.

Evidence presented in the study also showed that adoption of these recommendations would result in fewer trucks on the roads, fewer accidents and less traffic congestion. In fact, evidence suggests that allowing gross weights to increase in accordance with the federal bridge formula will reduce accidents by 2,360 per year. In addition, with fewer vehicles carrying more freight on more axles, the total number of miles traveled by heavy combinations will decrease by 3.2 billion miles per year and pavement damage would be reduced. Bridge costs would rise moderately over a period of time but the benefits to consumers in the form of lower transportation costs would be at least 10 times the increased bridge costs.

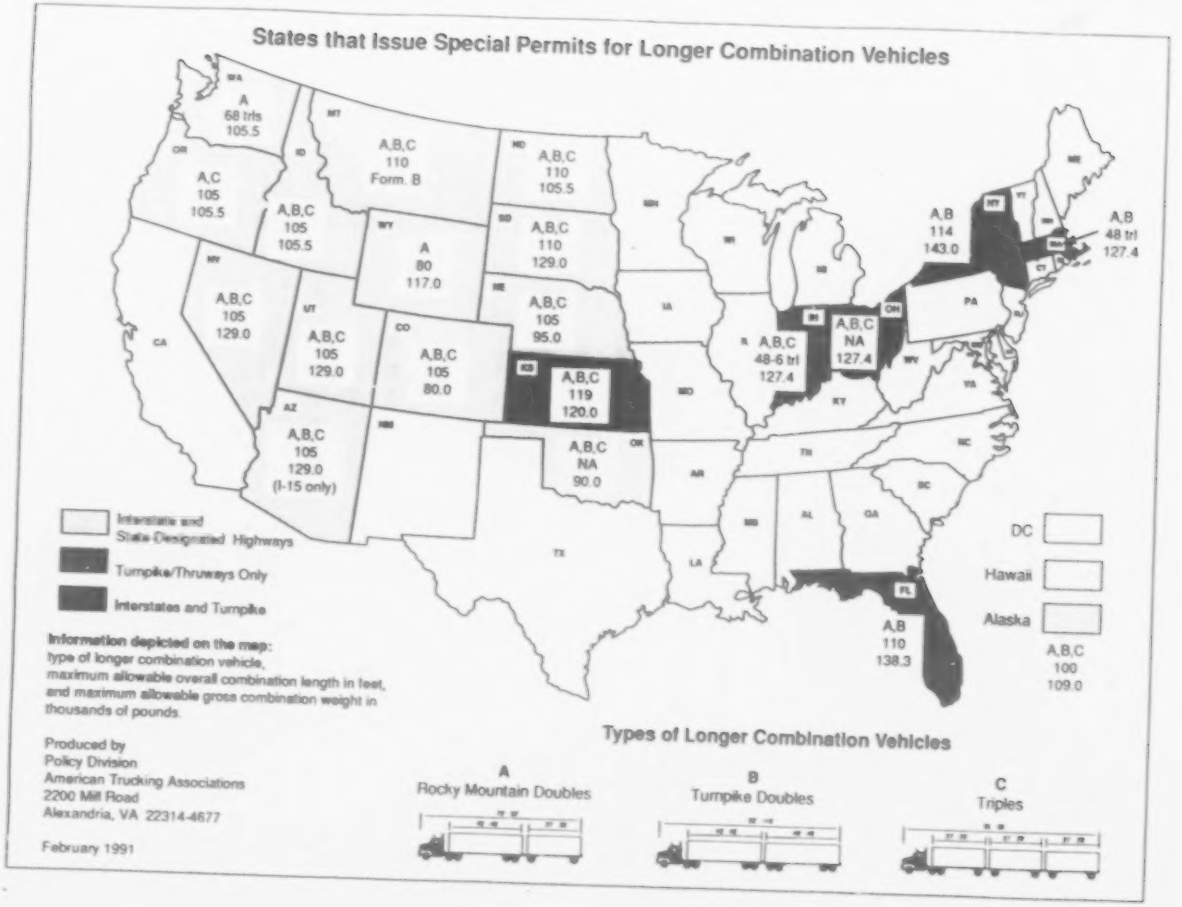
In response to the carefully reasoned arguments of the Transportation Research Board recommendations, the railroads and several railroad-sponsored organizations have mounted a massive campaign contending that the trucking industry seeks nationwide operation of all types of Longer Combination Vehicles (LCVs) on all roads and streets to be mandated upon the states. No trucking industry organization has ever proposed such operation for Longer Combination Vehicles nor does ATA do so. No state allows the longer combination vehicles on all roads and streets. No state allows the widespread operation of longer combination vehicles except under controlled and special permit arrangements. Every state has specific rules and regulations governing drivers, equipment specifications and operating conditions under which longer combination vehicles may be operated. Every state requires strict adherence to federal axle weights and bridge formula specifications.

Various types of LCVs, including triples and turnpike doubles, have been operating in a number of western states and five turnpikes for more than 30 years under all of the conditions described above. [See map on page 21.] In state after state and company after company, LCVs have compiled a better safety record in terms of accidents and fatalities per million vehicle miles than any other equipment on the highways. That's the way it ought to be. These units are operated by the best drivers, are allowed only on the best roads, have the best equipment and equipment maintenance, and are not permitted to operate in congested areas or in severe weather conditions. The trucking industry has not only supported these requirements but, also, state trucking association executives working with the state highway departments have reached agreements concerning regional standards for the operation of these LCVs.

The railroads and their friends contend that any change in the federal statute will have the nation soon flooded with huge numbers of longer combination vehicles creating enormous safety hazardous and tying up traffic in already heavily congested metropolitan areas. None of these claims is credible. In the states where LCVs have operated for over 30 years, these units remain specialized vehicles representing a relatively small portion of the truck traffic in those states.

LCVs generally consist of three basic configurations, each with a specialized mission to provide improved transportation service to selected shippers and receivers. Triples combinations consisting of three short semitrailers of 28 or 28 1/2 feet in length are operated between terminals by carriers handling small packages and small shipments. These units are disassembled at motor carrier terminals and then dispatched as short tractor-semitrailer combinations for local pickup and delivery.

Intermediate doubles or Rocky Mountain doubles consist of many different combinations of two medium size trailers which are often configured to meet the


States that Issue Special Permits for Longer Combination Vehicles
A
68 trls
105.5
A,C
105
105.5
A,B,C
105
105.5
A,B,C
110
Form. B
A
80
117.0
A,B,C
110
105.5
A,B,C
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129.0
A,B,C
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95.0
A,B,C
105
129.0
A,B,C
105
129.0
A,B,C
105
80.0
A,B,C
105
129.0
(I-15 only)
A,B,C
119
120.0
A,B,C
NA
90.0
A,B,C
48-6 trl
127.4
A,B,C
NA
127.4
A,B
114
143.0
A,B
48 trl
127.4
A,B
110
138.3
A,B,C
100
109.0
Interstate and State-Designated Highways
Turnpike/Thruways Only
Interstates and Turnpike
DC
Hawaii
Alaska
Information depicted on the map:
type of longer combination vehicle,
maximum allowable overall combination length in feet,
and maximum allowable gross combination weight in thousands of pounds.
Produced by
Policy Division
American Trucking Associations
2200 Mill Road
Alexandria, VA 22314-4677
February 1991
Types of Longer Combination Vehicles
A
Rocky Mountain Doubles
B
Turnpike Doubles
C
Triples

special needs of shippers of bulk commodities or other full trailer load types of freight. These units are generally dedicated to a limited number of shippers and travel a limited highway network directly from shipper to receiver.

Turnpike doubles originated on turnpikes in the eastern half of the United States, and now consist of two long semitrailers (generally 42-48 feet in length), have operated for 30 years on turnpikes and on designated intercity highways in other states shown on the attached map. Such combinations usually contain a truckload shipment in each semitrailer with the units disassembled at designated sites for movement to shipper or receiver locations.

Despite the 30+ years operation of all of these types of combinations in these grandfather states and toll roads, the railroads operating in these states continue to carry tremendous volumes of traffic and achieved record profits in 1990. Meanwhile, many motor carriers in the region have suffered heavy losses or merely broken even, attesting to the fact that it is the shippers and the receivers of freight who benefit from these combinations through lower transportation costs and lower prices for the goods that they sell.

It has been alleged that more study of the effects of longer combination vehicles is needed, in the face of 30 years of safe operation of these vehicles. Appendix A contains a list of 21 recent studies of LCV operations and testing which have carefully considered all of the issues now being raised anew by the railroads and others. The records of hundreds of trucking companies attest to the outstanding safety record achieved by these vehicles operating on toll roads and carefully designated highways. The equipment is thoroughly tested and reliable. The great economic benefits to the nation's economy are uncontested. There is no need to wait. Now is the time to allow states which wish to do so to gradually expand the operation of these productive trucks under carefully controlled conditions.

Finally, the Transportation Research Board study also recommended that no further expansion of state "grandfather" rights be allowed with respect to vehicle weight. States must increase enforcement of state truck weight laws and efforts toward regional cooperation in standardizing weight limits and permit practices must go forward. ATA supports all of these recommendations, as does the National Motor Carrier Advisory Committee. The TRB study was requested by Congress, funded by Congress and we simply ask that Congress consider the findings contained in its mandated study.

**Access for STAA-Approved Vehicles**

Since 1982, when Congress passed the Surface Transportation Assistance Act, trucking companies have had to face a series of inexplicably restrictive interpretations of two small words found in that legislation: reasonable access. The STAA of 1982 specifically required states to provide reasonable access for vehicles with the trailer lengths approved by the Act. While most states responded to this initiative, some states, however; have interpreted these two words in ways which have made it impossible for many motor carriers to reach their customers with these STAA-approved vehicles. In 1990, the FHWA issued a rulemaking to establish workable access provisions by June 1, 1991. This is an important first step in resolving the trucking industry problems in gaining the productivity benefits which were expected to result from the increased taxes imposed on this industry in the 1982 Act.

The second critical step in resolving this issue, however, is to expand the National Network provided for STAA vehicles to a larger designated system. The Administration's proposal does so by providing that the entire new National Highway System will be designated for all STAA approved vehicles. Access to terminals

where freight originates or terminates must be allowed unless there are clear safety factors which can distinguish these vehicles from any other combinations.

We urge Congress to adopt the criteria set forth in the FHWA rulemaking as the minimum criteria for access to and from the National Highway System. Designation of the entire National Highway System as the network of highways available to STAA-approved vehicles is also urgently needed. This will finally conclude a 10-year effort to allow trucking companies to adequately serve America's producers and consumers.

## IV. INTERMODAL TRANSPORTATION

Historically, Congress and federal regulatory agencies have viewed trucking as a domestic transportation mode, influenced little by international trade, competition, and transportation trends. However, the rapid growth of domestic and international containerization of freight in recent years has resulted in increasing numbers of maritime and rail shipping containers and trailers being transported over America's highways. As a result, the trucking industry finds itself an integral part of international commerce and intermodal transportation.

In order for the intermodal transportation industry to function in a manner permitting rational use and expansion of our intermodal structure in furtherance of the National Transportation Policy, which calls for a "balanced approach that recognizes the advantages provided by each mode ... and benefits that can be derived from intermodal linkages," Congress must address existing and evolving obstructions to such uses.

### Overweight Intermodal Containers

According to a recent study by the FHWA, one-third of all inbound and outbound containers are carrying cargoes at weights that could cause the transporting vehicle to violate federal vehicle weight laws. These overweights have the potential to cause damage to highway pavements and bridges and to impair vehicle performance resulting in safety problems.

Overweight containers -- import, export, and domestic -- have traditionally been considered as a truck weight enforcement problem, not an international or modal competitiveness problem. This is primarily because they become illegal only when they are transported over the highway. Tickets for overweight containers are issued

to the motor carrier even though the trucker has no control over the weight or loading of the container and may not be aware of the cargo weight.

The FHWA took the lead on the overweight container issue in recognizing that the trucker is not responsible for the overweights, and that culpability must be borne by the parties responsible for loading the freight. Unfortunately, FHWA, as do other regulatory agencies, lacks jurisdiction and, as a result, direct authority to solve this problem. Consequently, the overweight issue, although increasingly important, falls through the "bureaucratic cracks." For example, federal agencies cannot:

- Issue regulations that make the shipper and/or his agent responsible for overweight containers;
- Require shippers, both domestic and international, to indicate the actual weights of individual containers on standardized shipping documents;
- Require state uniformity for issuance of overweight container permits;
- Require ports and/or marine terminal operators to confirm declared shipment weights before import containers leave port property; and
- Require owners of intermodal equipment, chassis and piggyback trailers, to provide inspected, well-maintained and appropriate running gear in accordance with new federal annual vehicle inspection requirements.

The overweight issue will not go away. The problem is becoming worse and is affecting the competitiveness of U.S. manufacturers and motor carriers vis-a-vis their international counterparts. Before we can compete internationally, we must find a solution to the overweight problem at home.

Congress held preliminary, fact-finding hearings on the overweight container problem in June and September of 1990. Testimony was received by the

Investigations and Oversight Subcommittee of the House Public Works and Transportation Committee, resulting in the introduction of H.R. 5964, a bill authorizing a DOT study to "investigate the need for the U.S. to adopt laws pertaining to the allowable weight of intermodal containers..." The 101st Congress adjourned without taking action on this bill. Additional studies on the issue of overweights are not needed. Remedial legislative action is.

It is the goal of the trucking industry to find a means to more equitably share the responsibilities of overweights. Therefore, we urge Congress to enact laws that place the burden of illegal overweight container shipments on the importer/exporter of record and/or the beneficial owner of the cargo.

ATA believes there are three principles that should guide the solution to the overweight issue:

- Motor carriers have the right to know container and axle weights before they leave the ports, rail ramps, or shipper's docks;
- If given incorrect weight information which results in fines, penalties or civil liabilities, motor carriers should be entitled to recoup their losses from the importer/exporter of record and/or beneficial owner of the cargo, and;
- Carriers who refuse to carry unsafe loads should be protected from retaliation.

**Ports and Rail Terminal Access**

Directly affecting the policy goal of establishing an integrated and productive intermodal infrastructure is the issue of connectivity. These linkages entail highway access to ports and rail ramps and the availability of intermodal transfer facilities.

Ports and rail terminals are, for the most part, outdated and located in densely populated urban areas. Symptomatic of the facility location problems facing intermodal motor carriers are recent local government attempts to regulate interstate

commerce by imposing various types of truck bans, such as the proposed plan in Los Angeles. Restrictions on truck movements have a more than proportional impact on intermodal service due to the costs and integration required in scheduling trains and ship calls.

Another, often-cited example of intermodal access problems is the situation that exists in New Jersey. Port Elizabeth, one of the largest Atlantic container ports and the Newark International Airport, are divided by the New Jersey Turnpike, which, itself, crosses over a major rail yard. On the average, it takes a truck 30+ minutes to travel the one-quarter-mile distance between the facilities.

Because both rail and port connectivity are integral to intermodal productivity and the U.S.'s ability to participate in international commerce, truck access to existing terminals and ramps must be facilitated now. In the longer term, new highway facilities should be designed that would permit maximum access to ports and rail ramps, while permitting minimal intrusion on neighborhoods and avoiding contribution to urban congestion. Congress should take a lead in seeking a cure to the symptoms prompting the emerging truck bans, and proactively attempt to facilitate greater intermodal productivity through research and financial support of improved port and rail access roads.

Intermodal Transfer Facilities

Modern and efficient freight transfer terminals are crucial to the ongoing growth of the intermodal industry. Federal, state, local and regional planning programs should coordinate development of intermodal transfer facilities with transportation programs and projects funded by the Act.

Once considered a panacea to intermodal transfer problems, on-dock rail facilities continue to raise operational and political issues. Given the finite amount of

space available at most U.S. container ports, on-dock, rail transfer facilities are a relatively inefficient use of land. Additionally, transit time advantages associated with on-dock operations have not consistently materialized, often due to the aforementioned access problems.

The Intermodal Container Transfer Facility (ICTF) at Long Beach, California, is an example of an effective intermodal cargo transfer terminal. Containers are moved by truck off the port property four miles inland, where they are loaded onto rail cars. It is a seamless flow effected by the cooperation of all the modes. Such a facility, although self-financed, would not have been possible without the cooperation of the local government. Similar intermodal access projects should be eligible for funding from established highway user fee programs.

Intermodal growth is dependent upon the removal of obstacles, such as the overweight container issue and the facilitation of access and cargo transfers among the modes. Congress must be aware of the need for integrated planning, financial support and cooperation required in resolving these issues. Laws should be enacted where appropriate, and direction and support provided in the development of a responsive intermodal infrastructure to make the best use of our assets and to enhance the global competitiveness of the U.S.

## V. SIMPLIFYING THE STATE TAX SYSTEM

### IRP and IFTA

All states levy highway taxes on the interstate motor carrier industry. However, there is no uniformity in state licensing, reporting, and compliance regulations, which are burdensome and enormously expensive for carriers to comply with. These difficulties were documented in the FHWA Report to Congress required under Section 19 of the Motor Carrier Act of 1980.

In 1984 the DOT estimated that the motor carrier industry pays $1 billion every year in administrative paperwork just to comply with state highway tax laws and regulations. Recently DOT has stated that the figure may be as high as $3.2 billion. This enormous sum represents little more than wastepaper, for which the transportation consumer must pay and which has a harmful effect on the international competitiveness of the U.S. economy.

In 1985, through the National Governors' Association, the states began a project, funded in large part by the federal government, to voluntarily create a uniform system of administration for state highway taxes on the motor carrier industry which would reform the current burdensome system. The most important of the results from the project included the endorsement of the International Registration Plan (IRP) and International Fuel Tax Agreement (IFTA).

IRP and IFTA are agreements developed by the states for the administration of commercial vehicle registration fees and fuel taxes, respectively. IRP and IFTA are "base-state" agreements in which a carrier's home state collects the taxes for all states, audits the return, and redistributes the revenue based on carrier operations. Membership in IRP and IFTA does not affect a state's authority to impose taxes at any level it needs to raise highway funds. A state does not lose revenue from joining these agreements.

Unfortunately, the NGA recommendations are being implemented far too slowly: only 16 states belong to IFTA. At the current rate it will be 12 years before all states belong. In the meantime, a minimum of $12 billion will have been spent by the trucking industry with no benefit to anyone.

Recognizing the need to accelerate progress in this area, the highway reauthorization bill submitted by the Administration proposes to mandate state participation in these two interstate agreements which would go a long way toward reducing the multi-billion-dollar paperwork burden on the U.S. transportation system.

ATA supports mandatory state participation in IRP and IFTA and commends DOT for proposing to do so in the legislation. However, ATA believes the time period for mandatory state participation needs to be shortened from the DOT proposal of October of 1996 for IRP and October of 1997 for IFTA to 1993 and 1995, respectively.

We believe these target dates are both realistic and necessary. The target dates are realistic because IFTA and IRP are both well developed programs and, due to the NGA project, states are very familiar with how they work. The shorter target dates are necessary to stay within the life of the highway bill, and to ensure that motor carriers and ultimately the American consumer are rid of these billion-dollar plus compliance costs as quickly as possible.

In addition, as drafted, the statutory language mandating IRP and IFTA in the Administration bill is insufficient to accomplish this goal. Both IRP and IFTA have some rather technical terms and the language in the proposed bill does not take account of these provisions. ATA recognizes that this is a drafting oversight and suggests that this can be corrected during the legislative process.

**Bingo Cards and Stamps**

ATA also supports the Administration's proposal to repeal the "bingo card" program originally enacted in 1965 by P.L. 89-170. The bingo card program is a federal program through which state Public Service Commissions enforce Interstate Commerce Commission operating rights. States are authorized to participate in the program by federal statute. Therefore, repealing the program is a matter solely within the purview of Congress.

The program was developed to prevent motor carriers which did not hold ICC authority from hauling interstate freight. The need for the program ended in 1980 when Congress passed the Motor Carrier Act which essentially deregulated the trucking industry and opened nationwide authority to thousands of new carriers.

The current program is a paperwork nightmare which adds many millions of dollars annually to consumer transportation costs and prevents the efficient movement of freight. In order to comply with this program a motor carrier holding ICC authority must:

- Purchase a bingo card for each truck from (the National Association of Regulatory Utility Commissioners (NARUC) -- the association of state public service commissions). Under ICC regulations, NARUC has a monopoly to sell the card.
- Assign the card to a specific vehicle by placing the vehicle's serial number on the card.
- Purchase individual stamps for up to $10 from each state in the program. A completed card costs over $200. (Note: all states do not currently participate in this program).
- Lick each of the state-identified stamps and affix each in the appropriate state box on the card. (Hence the term bingo!)
- Put a truck-specific bingo card in each vehicle.
- Repeat the above procedure for <u>each</u> vehicle in the fleet.

This program should be eliminated because it no longer serves a federal regulatory purpose, it increases consumer transportation costs, and it is a prime example of useless paperwork.

Some states may claim that the bingo stamp program funds highway safety programs. To a very limited extent, this is valid. However, safety funds can be raised in a much more efficient and equitable manner and ATA would work with any state that wishes to seek other funds to support its safety program.

There are 12 state public service commissions that belong to the Commercial Vehicle Safety Alliance and hence have substantial responsibility for truck safety enforcement. ATA believes these states may turn to fuel taxes and registration fees to support their safety programs. This is not only more efficient but also a fairer solution. Under the bingo card program only ICC-regulated carriers pay, while under a fuel tax and registration fee system all carriers make a contribution to paying for truck safety.

General Business Taxes

Most carriers' problems with state and local general business taxes are relatively new, but they are serious and growing fast. The United States Supreme Court has ruled that interstate motor carriers doing business in a state may be asked to pay a fair share of the state's general business taxes, such as corporate income or gross receipts taxes, provided the carrier has a taxable connection with the state.

Many states now say that mere travel on their roads constitutes a taxable connection causing income tax liability for carriers. This is their only connection in many cases, and these carriers also pay for use of the highways in these states through state fuel taxes and registration fees. Merely passing through a state should not, ATA believes, trigger income tax liability for an interstate trucking company.

ATA believes that interstate motor carriers should not be subject to income or gross receipts taxes in any state in which they do not have real property or permanent employees, or to any local taxes in a locality in which they do not maintain both real property and permanent employees.

Regrettably, the DOT bill does not address this issue of "nexus." There is an urgent need for Congress to establish guidelines for states in this area for motor carriers. Congress has already recognized the need to give interstate transportation relief in the area of state taxable nexus, as follows:

1. Congress has already recognized the need to give interstate transportation relief in the area of state taxable nexus. In 1980, Congress responded to the concerns of airline employees by enacting P.L. 96-193, codified at 49 U.S.C. 1512. This provision preempts state taxation of interstate airline employees except (1) by their state of residence, or (2) by the state in which more than half their compensation (measured by flight time) is earned.

2. Last year, Congress took note of concerns of workers in the trucking and rail industries when, as part of the Amtrak Reauthorization and Improvement Act of 1990 (P.L. 101-322), Congress provided that these workers would be subject to income taxation only in the worker's state of residence. This law was enacted when states began to claim an apportioned share of personal income taxes from truck drivers and train crews who traveled across the borders of several states.

3. Finally, in the Omnibus Budget Reconciliation Act of 1990, Congress enacted a provision limiting state authority to tax interstate airlines. This provision was intended to eliminate state efforts to include "overflight" as a mechanism to collect income, sales and property taxes from interstate airlines.

It is imperative that Congress address the problem of state-imposed general business taxes on the trucking industry, a growing problem that is already nearly as widespread and costly as the problems long associated with state-imposed highway taxes.

**Access to Federal Courts**

The trucking industry is restricted to state courts in its legal challenges to burdensome and discriminatory state and local taxes. Motor carriers cannot take these cases to federal court. Railroads can.

Federal law permits railroads to challenge any discriminatory state or local tax in federal district court. The trucking industry can only go to federal court with respect to discriminatory property taxes, an area where our problems have not been great.

It was feared by some that this authorization to the railroads would serve only to clog the federal court system with obscure and technical issues of state taxation. That has not proven to be the case. Federal courts have successfully handled the cases that have arisen under the 4R Act without having to neglect their other business; and the results have been of very considerable benefit to the nation's railroads -- and thus to the nation itself.

The establishment of a similar system of relief for motor carriers burdened by harmful and illegal state taxes would also be of benefit not only to the industry affected, but also to the continuing struggle to maintain the global competitiveness of the U.S. economy. No one would lose by this step. All, even the states most directly affected, would gain by the institution of a truly equitable state tax treatment of interstate motor carriers.

In the interest of intermodal equity and to eliminate duplicative and expensive litigation, Congress should permit interstate carriers access to federal court in order to challenge discriminatory state taxes of all kinds.

**Federal Tax Information System**

While, as we have outlined, ATA feels that it is fully appropriate for the federal government to take the above actions with respect to state taxation of the motor carrier industry, we feel that the state tax information system as proposed in the Administration bill is unnecessary.

The bill proposes that $6 million be spent to establish what appears to be a centralized computer system for motor carrier state tax information and $25 million authorized in the form of grants to states to participate in this information system. The Administration proposes to fund this system from the MCSAP program. This system is unnecessary for the successful implementation of IRP and IFTA. IRP and IFTA are base state systems and a central data bank serves no purpose for either agreement.

This information system appears to be designed to support the FHWA initiative to create state standards for the collection weight-distance taxes and sales taxes. ATA opposes the creation of these standards and a computer system to support them. A more detailed explanation of ATA's view of this issue is found in the following section titled "Base State Agreements."

ATA would support federal funding to assist individual states to develop or upgrade their computer systems and software to support IRP and IFTA under the "base state concept." ATA believes that continued automation of state administrative procedures and electronic data interchange protocols will provide greater administrative efficiencies to the motor carrier industry and to the states. However, ATA believes that a funding source other than MCSAP should be found.

Finally, the Administration's bill provides $3 million for a demonstration project to determine the feasibility of linking safety fitness to vehicle registration. ATA believes this idea has merit. Again, however, we believe that the integrity of

MCSAP demands that funds not be diluted for other initiatives, no matter how worthwhile. ATA would support this demonstration project if another funding source were found.

**Base-State Agreements**

The DOT-proposed bill requires the Secretary to establish standards for the establishment of a base-state system for state weight-distance and sales taxes. ATA believes this is unnecessary and unwarranted. In the last two years weight-distance taxes have been repealed by Wyoming, Colorado, Nevada, Ohio and Arkansas, and replaced with the two-structure system of registration fees and fuel taxes. Only six states remain with weight-distance taxes. Why spend millions of dollars on a tax system which is declining in use? DOT should expend its efforts in implementing IRP and IFTA rather than creating an agreement to collect a type of tax which has been thoroughly discredited as an unfair and efficient means of taxing the motor carrier industry.

The creation of an agreement to collect sales taxes is also unnecessary. More than half of the states have sales tax exemptions for interstate motor vehicles. In addition, sales taxes are generally reciprocal rather than apportioned, further eliminating any necessity for the creation of a base-state agreement for sales taxes.

ATA believes that DOT should concentrate its efforts on the establishment of IRP and IFTA, two agreements which when fully implemented will save the motor carrier industry half a billion dollars annually in compliance costs.

**Intrastate Regulation**

Section 508 of the Administration's bill addresses two different state processes that relate to interstate carrier operations. One addresses the interstate procedures

used in collecting fuel taxes, truck registration fees and the continued sale of "bingo" stamps originally used to identify ICC authority. The second deals with the state's ability to regulate strictly intrastate economic issues.

ATA supports federal uniform rules where it is necessary to prevent the states from discriminating against interstate carrier operations. The taxation of an interstate carrier based solely on that carrier's traversing a state, the confusing array of state fuel tax laws and regulations, and the myriad of indicia that states require of carriers engaged in interstate operations, all are issues of state imposition and interference with interstate operations of motor carriers and are within the proper purview of the federal government.

Federal preemption of a state's long recognized right to economically regulate the transportation of goods solely within its borders is not a matter of a state attempting to pass off the tax burden to out-of-state business. Intrastate transportation is a matter of state concern. Just because an out-of-state carrier wishes to engage in the intrastate transportation business does not change the nature of the transportation or of the state's legitimate interest in regulating or not regulating it. ATA takes no position on whether an individual state should or should not engage in economic regulation. However, ATA opposes any attempt to federally preempt the ability of states to regulate intrastate transportation.

## VI. HIGHWAY SAFETY PROGRAMS

**Motor Carrier Safety Assistance Program**

Since the passage of the STAA in 1982 by Congress which authorized funding for the Motor Carrier Safety Assistance Program (MCSAP), ATA has actively supported this federal-state partnership to reduce commercial vehicle accidents and improve highway safety, and to foster the compatibility of state safety laws governing interstate and intrastate commerce. MCSAP has proven to be one of the most effective mechanisms for enhanced commercial vehicle safety ever mandated by Congress, with states having conducted more than 1.6 million safety inspections and 8900 carrier reviews in 1990. The proof of MCSAP's success is ultimately borne out in statistics involved in the fatal and serious injury accident rate, a rate which is on a 10-year decline. Because of the documented success of the program, ATA believes that MCSAP should continue in operation and that Congress should increase the funds to the levels proposed in the Administration bill.

While the current MCSAP inspections focus primarily on the tractor-trailer population, ATA has always believed that the inspections should cover all commercial vehicles, including those in the 10,001-26,000-pound classes and those that operate within former exempt zones. With the exception of the Commercial Driver's License and drug testing programs, the federal motor carrier safety regulations apply to all vehicles with a weight rating in excess of 10,000 pounds. Some 13.3 million commercial vehicles travel the nation's roads and highways, including approximately 1.6 million tractor-trailer combinations, but the vast majority of that 13.3 million number are straight trucks. Including the 10,001-26,000 pounds vehicles obviously represents a significant expansion of the safety inspection mandate of the program. This fact alone almost assuredly requires an increase in resources available to



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MCSAP. That is why we ask Congress to consider increasing funding to authorized levels.

Of equal concern to the need for safety inspections for all commercial vehicles is the possible diversion of MCSAP funds to non-safety-related projects. The previous section of this testimony explains ATA's objection to the use of MCSAP funds for the creation of an information system to serve as a clearinghouse and depository of state tax information. ATA has no objection to federal assistance to states to develop and upgrade their individual IRP and IFTA computer systems. However, these federal funds should not come from MCSAP, which is intended to promote safe commercial vehicle operations. Congress should only allow programs or projects to receive MCSAP funding that expressly contribute to the safety objectives of MCSAP.

The funding for MCSAP should be channeled, as it is now, toward enforcement of the motor carrier, vehicle and driver compliance requirements that make up the federal motor carrier safety regulations. While other goals are worthy to consider -- traffic safety enforcement or size and weight enforcement -- with thousands of un-rated motor carriers and vehicles being placed out of service for unsafe operations, we must carefully consider the expenditure of scarce dollars to non-traditional MCSAP activities.

Size and weight enforcement requires facilities, expensive equipment and additional personnel to staff those facilities. Facilities require maintenance and upkeep, and the locations adjacent to major traffic arteries are expensive to purchase and construct. Technology to quickly and accurately weigh vehicles is constantly changing and improving, necessitating expensive replacement and/or purchase of equipment. The same people who conduct motor carrier inspections and terminal audits cannot be effectively utilized to weigh and measure vehicles.

ATA supports increased federal funding for truck size and weight enforcement. To include this effort under MCSAP funding, however, might jeopardize the increased safety functions that we anticipate under the program envisioned in MCSAP reauthorizing legislation. Some have indicated that they want size and weight activities as long as the added activities do not reduce the overall level of the safety inspection funding of MCSAP. But we see what would result as simply a status quo inspection program. ATA wants the number of safety inspections to increase, not decrease or stay level.

In light of this, the Committee also should look hard at the use of MCSAP funds for other purposes. Two specific points need to be made if this committee decides to allow states to use MCSAP funds for size and weight enforcement: (1) that funding be restricted to non-fixed scale facilities, and (2) that the funds be limited to new inspections over and above the current 1.6 million inspection level.

Another aspect being discussed that could have a negative impact on the success of MCSAP involves the expansion of the program to allow county and city enforcement programs to participate in MCSAP. The existing program allows a state to subgrant to local jurisdictions to conduct motor carrier inspections. ATA tacitly supports this effort, as long as the persons conducting the inspections meet the same qualifications as other state inspectors and the program is subject to the same strict federal oversight. ATA urges that any person who inspects a commercial vehicle should meet the training standards that have been established by the Commercial Vehicle Safety Alliance and FHWA for MCSAP.

## Commercial Driver's License Program (CDL)

ATA pushed hard for legislation that Congress passed to mandate a single driver's license for operators of commercial motor vehicles. We have been a

participant at every step of the regulatory path in the development of the CDL program. We believe the CDL program will improve the quality of commercial vehicle operators and improve safety on the nation's highways.

As states have implemented the CDL program, ATA has closely monitored all phases of the process in order to expedite program implementation and provide assistance to motor carriers.

Some states have encountered difficulties with certain aspects of the required CDL program components such as standardized violation codes, link-up to the Commercial Driver's License Information System (CDLIS), and effective testing methods. We believe FHWA has dedicated the necessary resources to assist states in meeting the April 1992 required implementation date. Congress should closely monitor the state implementation process through FHWA to ensure that all states will meet the required CDL program implementation date.

We are concerned that as the April 1992 deadline approaches, states that were late in passing implementing legislation will seek to short-circuit some of the basic goals of the program. For example, we opposed DOT's decision to allow truck drivers in New York to take home the written test. We oppose the current proposal by Massachusetts to waive the written portion entirely. If these states need more time to test all drivers, they should be given an extension, not an exemption.

ATA is also very concerned that no biometric identifier has been found by DOT to be satisfactory as a unique identifier for CDL purposes. We continue to believe that the drivers must have only one driver's license. Accordingly, Congress needs to reevaluate this issue in future legislation.

55 MPH Speed Limit

The trucking industry believes that a 55 mph speed limit saves lives, fuel and is more efficient than a 65 mph speed limit. We oppose the 65 MPH speed limit and urge Congress to again consider a rollback to the 55 MPH speed limit. To facilitate this rollback, we request that DOT be required to gather accurate data on accident experience of the states since the change to the higher limit. This data will document the increased loss of life and injury to the American public and provide a basis for decreasing the speed limit to 55 MPH. We believe that these statistics along with the undeniable fuel savings of a lower speed limit should be the basis for a congressional effort to again reduce the national speed to 55 MPH.

Rest Areas

The trucking industry is becoming increasingly aware of the lack of sufficient parking at roadside rest areas which will serve the needs of increased truck traffic.

In the last decade, the number of trucks on the road has increased 24% and the average annual miles each truck travels has increased 27%. Annual truck volume on urban and rural interstate highways has increased by 8% and 5%, respectively.

However, in the same period of time there has been little or no new construction in truck stop rest area facilities. This lack of expansion has led to overcrowding of present facilities, and has forced drivers as a result to either find other parking arrangements or face violations of hours of service regulations. In order to relieve overcrowding in rest areas many states have resorted to allowing drivers a maximum of four hours in rest areas. As a result, drivers are at times parking in less-safe locations such as highway shoulders or on exit/entrance ramps to interchange or violating hours-of-service rules.

Fatigue has been cited as a major factor in as many as one-third of the fatal accidents which were studied in a recent National Transportation Safety Board (NTSB) investigation. Drivers need safe areas to take rest breaks to prevent fatigue-related accidents and to comply with hours-of-service regulations. Inadequate rest area facilities are a serious problem for all highway users which should be dealt with in the traditional fashion through highway user funding at the state and federal level.

Congress should provide additional funding to states to develop new roadside rest-stop areas or expand current facilities to handle the expanded needs of motor carriers and car owners.

## Off-Ramp Signing

Unlike most aspects of highway design, off-ramp designs do not generally make adequate allowance for the special requirements of trucks. This was indicated in a review of the Federal Highway Administration accident file for 1980 which revealed that 9% of all jackknife accidents and 17% of all rollover accidents occurred on off-ramps, while only a very small percentage of commercial vehicle travel was on off-ramps. Truck dynamics must be given greater consideration in future construction.

Although there is a need to identify and reconstruct a number of existing off-ramps to make them safer for trucks, there is a low-cost project which can be done relatively quickly without excessive construction or land acquisition costs. This is to develop and implement (including driver training) a signing program to provide truck drivers with appropriate information to judge the speed they should utilize in negotiating off-ramps.

Off-ramps today are generally posted with one speed normally based on passenger car, rather than truck, performance. A University of Michigan study points

out that the safe speed of passenger cars on ramps is limited by tire traction, whereas for loaded trucks safe speed is limited by the truck rollover characteristics. Loaded trucks will usually roll over before their tires skid.

Trucks also have problems with off-ramps that incorporate curves having different radii. If the driver does not realize that the second curve in a ramp is tighter than the first, the driver may, after conservatively negotiating the first part of the ramp, increase speed to obtain a safer and more effective merge speed, only to lose control in the tighter, second-half curve.

Another problem for trucks is that they do not accelerate and decelerate in the same amount of space as passenger cars. Therefore, some acceleration and deceleration lanes need to be longer for trucks.

Congress should require DOT to implement a signing policy that indicates the ramp speed for trucks as well as for passenger cars.

Downgrade Signing

In addition to the need for an effective method of signing off-ramps for trucks, there is a need for the signing of downgrades to advise drivers of the proper speed and gear selection for the descent. This problem is widely recognized, and the FHWA has already developed an excellent new signing method (Grade Severity Rating System) to address the problem.

This new signing procedure, however, has not been universally implemented because of the lack of funds. Funds are needed not only for the signs, their construction and installation but also for the training of drivers as to how to properly interpret them. Congress should require states to implement the downgrade signing program developed by FHWA.

## VII. WEIGHT ENFORCEMENT

**Weight Enforcement**

States and the federal government currently spend millions of dollars on activities involving size and weight enforcement. We support increased federal funding directed towards highway size and weight enforcement. However, we do not believe size and weight enforcement should be a primary focus of other safety programs such as the Motor Carrier Safety Assistance Program (MCSAP).

No one can argue that size and weight violations do not have safety implications. As we have pointed out in past testimony to Congress there is a need for increased enforcement of size and weight laws.

We believe that if additional funding is provided and strict controls are established, specialized size and weight enforcement not conducted at fixed site locations could be included in the MCSAP. However, any such program must be in addition to the current state size and weight enforcement program funding level. States should not be allowed to reduce their current program and replace that funding with additional federal dollars.

Size and weight enforcement activities conducted under MCSAP should be directed at specialized problems. These could include enforcement to detect motor carriers that are circumventing existing fixed site weight facilities, or in areas where because of geographic conditions such as steep grades or mountains the operation of overweight vehicles can compromise safety. Enforcement could also be directed at specialized problems such as overweight intermodal containers.

Any such program to expand MCSAP activity into this area requires sufficient additional funding to hire, train and equip the personnel necessary to implement this type of enforcement. Let's not jeopardize the success of MCSAP by adding mandates but not increasing financial support. Rather, size and weight enforcement

should be done only after it can be shown that the number of safety inspections have increased to cover the increased number of vehicles.

**Weight Measurement**

An additional concern regarding truck size and weight limits is the issue of inadvertent overloading of axles and/or scale error. Many motor carriers load vehicles at sites where scales are not available and thus may inadvertently overload an axle or tandem axle. Frequently, small differences in scales exist at high weights even when properly calibrated. Even greater problems exist in the accurate calibration of portable scales used regularly by state enforcement personnel.

Limits of scale error or scale tolerances have been developed by the National Institute of Standards and Technology with the assistance of the Office of Weights and Measures of the National Institute of Standards and Technology. Their publication, Specifications, Tolerances and other Technical Requirements for Weighing and Measuring Devices as adopted by the National Conference of Weights and Measures, 1990 (1991 edition), provides detailed standards for testing all types of scales from postal scales to train weight scales.

Concerning scales for weighing trucks or combination vehicles as single units or for fixed scales weighing axles, the standard is based on the manufacturer's specifications and scale denominations. For weights in this range, scale differences of up to a maximum of 2/10% of the maximum weight are allowed in the certification process. This means that for a scale certified to weigh 100,000 pounds there may be differences of up to 200 pounds, if the scale is to be certified as accurate. This is based on testing scales at temperatures within an acceptable range. Specifications are established for minor changes in zero balance resulting in temperature changes of 9°F or more.

Based on the information contained in this publication, it appears that a scale error provision of up to 200 lbs. is entirely justifiable based on the accepted tolerances for certified public scales.

ATA requests that Congress allow the states to levy no fine or a low fine for axle or gross weight overloads of less than 200 pounds. This is particularly needed at this time since several states have greatly increased overweight fine structures to establish minimum fines as high as $200. In addition, several states add administrative or court costs that may greatly exceed the overweight fine. Large fines for inadvertent overloads of a few hundred pounds appear to be excessive and Congress needs to provide guidance to the states and localities on this problem.

## VIII. THE NEED FOR TRUCKING-RELATED RESEARCH & DEVELOPMENT

The fiscal year 1992 federal budget for all agencies includes $75.6 billion in budget authority for research and development. DOT's share of the $75.6 billion is just $435 million -- less than 0.6% of the total.

The $435 million for DOT R&D includes the following proposed expenditures:

- o $210 million for research, engineering, and development at the Federal Aviation Administration;
- o $53 million for research and analysis at the National Highway Traffic Safety Administration;
- o $29 million for Coast Guard research, development, test and evaluation;
- o $26 million for railroad research and development expenditures by the Federal Railroad Administration,
- o $50 million for the Federal Highway Administration to develop intelligent vehicle/highway systems (IVHS) to address congestion; and
- o $6.2 million for motor carrier safety research and development work within the Federal Highway Administration.

Given that more than 40% of intercity freight tonnage is carried by trucks, and that 77% of national expenditures on freight movements go for trucking services, there is something seriously amiss in the allocation of federal transportation-related R&D expenditures. The $6.2 million in direct expenditures on trucking-related R&D amounts to 1.4% of the DOT total R&D budget. To make matters even worse, we are informed by FHWA staff that the $6.2 million figure is in error and that the Administration actually intends to seek only $3.6 million for motor carrier safety research and development. Assuming that the trucking industry benefits, to some undetermined degree, from R&D expenditures at NHTSA and on IVHS to address

congestion, total R&D expenditures benefiting trucking might reach $10 million or so -- still less than 2.5% of the DOT total.

Moreover, of the small amount being spent on trucking-related R&D, the vast majority is being spent on research designed to serve the regulatory agendas of DOT agencies. While research in support of regulatory activities is a necessary and legitimate expenditure of federal resources, R&D devoted to enhancing transportation productivity and international competitiveness should be an equal priority.

Indeed, federal R&D expenditures benefiting other transportation modes are often targeted expressly at improving productivity and competitiveness, the $15.5 million budgeted for maglev and high speed rail research during FY 1992, for example. The FY 1992 budget document notes that: "$3 million is available until expended for grants to specific states to conduct detailed market analyses of potential maglev ridership and determine the availability of right-of-way use..."

Furthermore, the FY 1992 budget includes the following description of the Federal Railroad Administration's "contractual support" program: "Contractual support is used to develop positions regarding structural industry changes such as mergers and to conduct internal studies dealing with traffic, economic forecasting, financial condition, labor-management activities and other factors that contribute to an efficient national freight railroad network." The budget estimates that FRA spent more than $10.7 million on such "contractual support" activities during FY 1991.

Nowhere within the federal government are such expenditures being made to advance trucking productivity and technology. The trucking industry, however, is already committing its own resources to conduct important research on safety and productivity issues. The ATA Foundation and its Trucking Research Institute, for example, are spending in excess of $1 million per year researching issues such as:

- o the causes of truck driver fatigue, and appropriate countermeasures (being jointly funded by FHWA);
- o the impacts of axle weights on pavement wear;
- o finding better ways to manage highway incidents and incident-related traffic congestion;
- o the feasibility of using alternative fuels in various types of trucking operations;
- o truck cab crashworthiness; and
- o the role of trucking in the U.S. economy, state by state.

This research has been funded by scores of relatively small, voluntary contributions from trucking companies and their suppliers. To date, federal funding of these projects has been made available only in support of the truck driver fatigue research. The upcoming reauthorization of the Federal-Aid Highway Program presents an ideal opportunity to correct these funding inequities.

The Long Term Pavement Performance Program of the Strategic Highway Research Program was designed to address the total range of pavement information needs, including the contribution of non-load effects to pavement deterioration and development of improved design methods aimed at reducing or eliminating environmentally-induced pavement distress. Due to state funding constraints, however, proposed research on non-load and environmental effects may be scaled back or eliminated altogether. Significant curtailment of this phase of the LTPP research is inconsistent with the original objectives of the program and is not in the public interest. We urge the Committee to monitor this phase of the LTPP program and to consider additional funding to obtain the desired degree of state participation.

We are pleased to see the inclusion of language in the Administration's highway reauthorization bill giving the Secretary of Transportation specific authority to "engage in research, development and technology transfer activities on motor

carrier transportation..." (Section 110(a)). We believe that authority should be vigorously exercised.

Beginning in FY 1992, $30 million should be earmarked each year for trucking-related R&D expenditures within the Department of Transportation. These funds should be employed for research, development, and demonstration programs aimed specifically at enhancing trucking safety, productivity and international competitiveness. These programs should be pursued cooperatively between government and industry, so that each has a say in the conduct of the research and a stake in its outcome.

In many ways, the research expenditures being made by the Federal Railroad Administration on behalf of the nation's railroads can serve as a model for future government-sponsored trucking research. For example, many long-time FHWA officials will admit, at least informally, that the agency seriously miscalculated future levels of truck traffic when it began funding the construction of the Interstate System. Consequently, pavements were suboptimally designed and wore out much sooner than predicted. Society in general has suffered from the results of these poor forecasts; so, too, has the trucking industry, which is now having to pay higher road user taxes to repair prematurely deteriorated highways. Had FHWA been carefully monitoring economic trends in trucking, these early miscalculations could have been corrected or, perhaps, eliminated entirely.

Likewise, FRA research on emerging rail technologies (maglev and high speed rail) should be emulated by FHWA. Who at FHWA (or anywhere else in DOT) is carefully analyzing the national safety and productivity gains that may be had from innovative trucking equipment coupled with improved braking and handling systems; advanced driver information systems for commercial vehicle operators; etc.?

Many of these technologies can be researched and tested only through cooperation between the public providers of the roadway infrastructure and the private operators of the more productive trucking equipment.

## IX. CONCLUSION

If this nation is to remain economically strong and compete and win in the worldwide economic marketplace, we must have a comprehensive, five-year Surface Transportation Assistance Act structured as provided for in the bill put forward by the Department of Transportation.

The next STAA must be flexible, allowing states to initiate provisions and programs that best meet their needs. The Act should allow the trucking industry and states the flexibility to be the most productive they can be by allowing States to permit heavy trucks on the National Highway System and allowing the trucking industry to use those trucks when and where appropriate. The Act should spend down the Highway Trust Fund balances. It must not impose any new taxes and should simplify existing tax reporting procedures. The STAA must promote better highway research programs; highways must be built and designed better, using better materials and improved geometric designs particularly for off-ramps. Safety research and promotion must get greater emphasis, especially the MCSAP. Illegal overweight shipments must be stopped from moving on our highways. The STAA should seek ways to provide innovative financing of highway infrastructure projects without placing a toll burden on the existing Interstate and free highway network.

A strong, flexible federal highway program is essential to the efficient and productive operation of the nation's trucking industry and the Nation's economy. The Surface Transportation Assistance Act is a vital link to economic growth and international competitiveness. In the face of expanding competition, maintaining and improving the U.S. highway infrastructure is of critical importance.

Appendix A

## Recent Studies Pertaining to Large Trucks

**Transportation Research Board** reports:

- Twin Trailer Trucks
- Providing Access for Large Trucks
- Truck Weight Limits -- Issues and Options
- New Trucks for Greater Productivity and Less Road Wear -- An Evaluation of the Turner Proposal
- Data Requirements for Monitoring Truck Safety
- Effects of Heavy Vehicle Characteristics on Pavement Response and Performance
- Truck Research Profiles

**American Trucking Associations** reports:

- Productivity and Consumer Benefits of Longer Combination Vehicles
- Pavement and Bridge Impacts of Longer Combination Vehicles
- Rationalization of Procedures for Highway Cost Allocation Studies
- Incident Management
- Characteristics of Load Equivalence Relationships Associated with Pavement Distress and Performance

**Federal Highway Administration** reports:

- Examination of Truck Accidents on Urban Freeways
- Operating Larger Trucks on Roads with Restrictive Geometry
- Predictive Models for Evaluating Load Impact Factors of Heavy Trucks on Current Pavement Conditions (to be released shortly), and
- Easing Truck Productivity Within the Constraints of Highway and Bridge Design by S. R. Goodwin, J. R. Morris, H. Cohen and R. E. Skinner, Jr.

- The Impact of Turnpike Doubles and Triple 28s on the Rural Interstate Bridge Network, by Jose Weissmann and Rob Harrison, The University of Texas at Austin
- Safety of Multi-Unit Combination Vehicles, The Scientex Corporation
- Road Work - A New Highway Pricing & Investment Policy, by Kenneth A. Small, Clifford Winston and Carol A. Evans
- Feasibility Study: Accident Rates of Existing Longer combination Vehicles by K. L. Campbell and L. C. Pettis
- Predictive Models for Evaluating Load Impact Factors of Heavy Trucks on Current Pavement Conditions, Massachusetts Institute of Technology

TESTIMONY ON SENATE BILL 561
March 19, 1991

Oregon
DEPARTMENT OF TRANSPORTATION
Highway Division
Permits and Weighmasters Section
FILE CODE

MADAM CHAIR & MEMBERS OF THE COMMITTEE:

MY NAME IS STEVE JOHNSTON. I AM THE MANAGER OF THE PERMITS & WEIGHMASTERS SECTION, OF THE HIGHWAY DIVISION. TODAY, I AM HERE TO PROVIDE SOME DATA ON TRIPLE TRAILERS. THE OREGON TRANSPORTATION COMMISSION'S POSITION IS THAT TRIPLES SHOULD BE ALLOWED TO STAY ON OREGON'S HIGHWAYS UNDER THE EXISTING PERMIT SYSTEM. I AM SURE YOU WILL HEAR A GREAT DEAL OF STATISTICS TODAY. I WILL LIMIT MY TESTIMONY TO FOUR AREAS; (1) ROAD WEAR, (2) SAFETY, (3) CONTROL, AND (4) ADDITIONAL VEHICLES ON THE ROAD.

1. ROAD WEAR. DUE TO THE CONFIGURATION OF TRIPLE TRAILER COMBINATIONS, WHICH CONTAIN MORE AXLES THAN MOST VEHICLE COMBINATIONS, THE ROAD WEAR OF A TRIPLE TRAILER IS LESS THAN MOST OTHER COMBINATIONS. THE TYPICAL 18 WHEEL TRUCK, WHICH INCLUDES A STEERING AXLE AND TWO TANDEM AXLES, IS THE MOST COMMON TRUCK. THIS VEHICLE HAS AXLE WEIGHTS OF APPROXIMATELY 12,000 POUNDS ON THE STEERING AXLE AND 34,000 POUNDS ON THE TANDEM DRIVE AXLE AND THE TRAILER'S TANDEM AXLE. THE MAXIMUM ALLOWED ON TRUCKS WITH SINGLE AXLES, NOT COUNTING THE STEERING AXLES, IS 20,000 POUNDS.

   TRIPLE TRAILERS ARE LIMITED TO 105,500 POUNDS GROSS OVERALL WEIGHT. DUE TO THEIR CONFIGURATION, A TYPICAL TRIPLE TRAILER HAS A 10,000 POUND STEERING AXLE, A 20,500 POUND TANDEM DRIVE AXLE, AND FIVE SINGLE AXLES WITH AXLE WEIGHTS OF 15,000 POUNDS. ADDITIONAL WEIGHT CANNOT BE ADDED SINCE THE OVERALL WEIGHT OF THE VEHICLE CANNOT EXCEED 105,500 POUNDS BY LAW. GENERALLY, TRIPLES CARRY FOOD ITEMS AND OTHER LIGHT WEIGHT COMMODITIES DUE TO THE VEHICLE WEIGHT LIMITATION.

2950 State Street
Room 219
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(503) 378-6666
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THE MAJOR CAUSE OF ROAD DAMAGE IS NOT THE GROSS VEHICLE WEIGHT, BUT THE AXLE WEIGHTS. THE HIGHER THE AXLE WEIGHT, THE MORE ROAD DAMAGE. DOUBLE THE AXLE WEIGHT DOES NOT MEAN DOUBLE THE ROAD DAMAGE; DOUBLING THE AXLE WEIGHT CAUSES A SUBSTANTIALLY HIGHER DAMAGE RATE. THE CHART I PROVIDED INDICATES THE RELATIONSHIP OF ROAD DAMAGE TO AXLE WEIGHT. THIS CHART WAS PRODUCED BY THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS, COMMONLY KNOWN AS AASHTO. ONE EXAMPLE ON THE CHART SHOWS EIGHT TIMES MORE ROAD DAMAGE IF YOU WERE TO INCREASE AN 18,000 POUND AXLE WEIGHT TO 30,000 POUNDS. WHILE I AM NOT SAYING THAT OTHER VEHICLE COMBINATIONS CAUSE EIGHT TIMES MORE ROAD DAMAGE THAN A TRIPLE TRAILER COMBINATION, I DO BELIEVE THAT THE CHART CLEARLY ILLUSTRATES THAT ROAD DAMAGE IS LESS WITH LOWER AXLE WEIGHTS. ONE OF THE HIGHWAY DIVISION'S CONCERNS IS THE COST OF MAINTAINING OUR HIGHWAYS. THE LOWER THE ROAD DAMAGE, THE MORE MONEY IS AVAILABLE FOR OTHER ROAD PROJECTS.

2. SAFETY RECORD. THE SAFETY RECORD OF TRIPLES IS BETTER THAN NON-TRIPLE TRUCKS. BASED ON PERMITS ISSUED AND ACCIDENTS REPORTED FOR TRIPLES, THERE IS AN ACCIDENT RATE OF APPROXIMATELY 1/4 OF 1% PER YEAR FOR TRIPLES. THE OVERALL ACCIDENT RATE FOR NON-TRIPLES IS APPROXIMATELY 1%. THE ACCIDENTS REPORTED FOR TRIPLES AND NON-TRIPLES IS FROM ACCIDENT REPORTS THAT ARE REQUIRED TO BE FILED WITH THE OREGON PUC, DMV, AND THE OREGON STATE POLICE. THE SOURCE OF THE DATA FOR NON-TRIPLE AND TRIPLES IS THE SAME. I HAVE BEEN TOLD THAT A REVIEW OF THE TRIPLES ACCIDENT REPORTS FOUND THAT ACCIDENTS COUNTED AS TRIPLES DID NOT INVOLVE TRIPLES. THIS WOULD MAKE THE TRIPLES ACCIDENT RATE EVEN LOWER THAN INDICATED BY THE HANDOUT. THE DATA INDICATES THAT TRIPLES ARE A VEHICLE COMBINATION THAT IS SAFER THAN OTHER TRUCK COMBINATIONS.

THE PUBLIC UTILITY COMMISSION, WEIGHMASTERS, AND POLICE ORGANIZATIONS DO ROUTINE SAFETY INSPECTIONS OF TRUCKS. THESE INSPECTIONS ARE CONDUCTED AT TERMINALS, WEIGHSTATIONS AND THE ROADSIDE. ALL OF THE INSPECTION REPORTS ARE COMPILED BY THE PUBLIC UTILITY COMMISSION. TRIPLES IN EACH OF THE YEARS 1985 THROUGH 1989 HAD FEWER SAFETY AND OUT-OF-SERVICE VIOLATIONS PER VEHICLE THAN

TRUCKS OVERALL. THEIR SAFETY RECORD, LIKE MOST SAFETY RECORDS, CAN PROBABLY BE IMPROVED, HOWEVER, THEIR EQUIPMENT SAFETY RECORD IN EACH OF THE YEARS INDICATED HAS BEEN BETTER THAN OTHER TRUCK COMBINATIONS! IT IS MY UNDERSTANDING THAT THE PUC WILL BE SUBMITTING A REPORT TO YOU.

3. CONTROL. TRIPLE TRAILERS MAY ONLY BE OPERATED UNDER A PERMIT ISSUED BY THE HIGHWAY DIVISION. THE LOSS OF A PERMIT COULD BE VERY COSTLY TO A CARRIER. THE PERMIT RESTRICTS TRIPLES TO APPROXIMATELY 1/2 OF OREGON'S STATE HIGHWAYS. THEY MUST HAVE SPLASH AND SPRAY DEVICES DURING RAINY WEATHER AND ARE NOT ALLOWED TO OPERATE IN ICE, SNOW OR WHEN VISIBILITY IS UNDER 500 FEET. THEY MUST ALSO HAVE LONG LOAD SIGNS ON THE LAST TRAILER. IT HAS BEEN MY OBSERVATION THAT TRIPLE TRAILERS TEND TO DRIVE AT LOWER SPEEDS THAN OTHER TRUCKS. I HAVE NEVER BEEN PASSED WHILE TRAVELING 65 MPH BY A TRIPLE TRAILER COMBINATION. HOWEVER, I HAVE BEEN PASSED BY NON-PERMITTED 18 WHEELERS AND DOUBLE TRAILERS AT 65 MPH. I BELIEVE ONE OF THE REASONS FOR BETTER SPEED CONTROL, MAINTENANCE AND SAFETY IS THAT MOST OPERATORS DO NOT WANT TO JEOPARDIZE THEIR PERMIT AUTHORITY. A PERMIT THAT CAN BE REVOKED OR NONRENEWED. THE LOSS OF THE PERMIT COULD RESULT IN A LARGE INCREASE IN THE COST OF OPERATION FOR THE MOTOR CARRIER. I HAVE BEEN TOLD THAT DRIVERS OF TRIPLES RECEIVE A HIGHER RATE OF PAY. IN ADDITION, THE EQUIPMENT IS USUALLY THE NEWER AND BETTER.

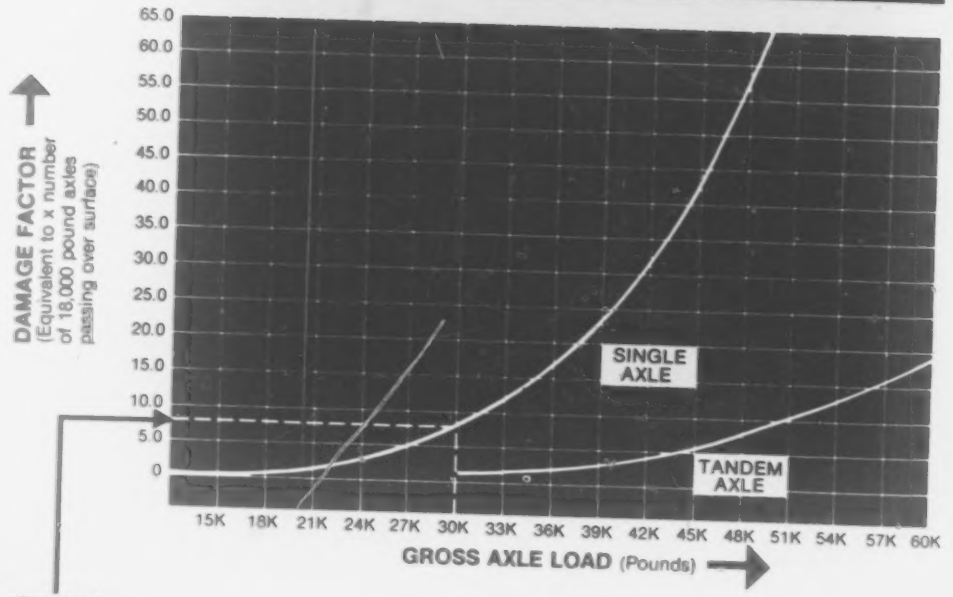
4. NUMBER OF TRUCKS. CURRENTLY THERE ARE OVER 4800 PERMITS ISSUED FOR TRIPLES. IF YOU WERE TO TAKE TRIPLES OFF THE ROAD, THERE WOULD BE APPROXIMATELY A 50% INCREASE IN THE NUMBER OF TRUCKS NEEDED TO CARRY THE SAME AMOUNT OF CARGO. THE LOSS OF TRIPLES COULD RESULT IN AN ADDITIONAL 2400 TRUCKS ON THE HIGHWAY. THESE VEHICLES WOULD NOT BE CONTROLLED BY PERMIT. THEY COULD RUN IN ANY WEATHER AND WOULD NOT HAVE ANY SPLASH AND SPRAY SUPPRESSANT DEVICES.

TRIPLES, WHICH HAVE BEEN OPERATING IN OREGON SINCE 1967, ADMITTEDLY CAUSE SOME PEOPLE CONCERN. HOWEVER, THE LOSS OF THE TRIPLES WOULD RESULT IN THE LOSS OF A VEHICLE THAT HAS ONE OF THE BEST ACCIDENT AND SAFETY INSPECTION RECORDS. THERE WILL BE AN INCREASE IN THE NUMBER OF

VEHICLES ON OREGON'S HIGHWAYS THAT ARE NOT CONTROLLED BY PERMIT. THESE ADDITIONAL VEHICLES WOULD NOT BE REQUIRED TO HAVE SPLASH AND SPRAY SUPPRESSANT DEVICES OR HAVE TO MEET ANY OF THE PERMIT REQUIREMENTS PREVIOUSLY DISCUSSED. IT IS OUR BELIEF THAT IF WE HAVE TO HAVE LONG VEHICLES TO ECONOMICALLY MOVE GOODS, THAT THE TRIPLE IS THE BEST COMBINATION.

ON FEBRUARY 19, THE TRANSPORTATION COMMISSION UNANIMOUSLY REAFFIRMED THE STATE'S PRESENT POLICY TO ALLOW TRIPLE TRAILERS ON THE HIGHWAYS AND DOES NOT RECOMMEND A CHANGE AT THIS TIME.

THANK YOU FOR ALLOWING ME TO TESTIFY ON THIS MATTER. THIS CONCLUDES MY TESTIMONY.




*EXAMPLE
1 each 30,000 lb. single axle is equivalent to 8 each 18,000 lb. axles passing over surface

NOTES: 1. Residual Performance Value P=2.5
2. Slab thickness for rigid pavement D=9"
3. Reference—these curves derived from A.A.S.H.T.O. data

OREGON TRUCK ACCIDENTS

| | Non-Triple Trucks | | | Triples | | |
|---|---|---|---|---|---|---|
| Year | # Trucks | # Accidents | Rate | # Triples | # Accidents | Rate |
| 1980 | 145,558 | 2,074 | 1.42% | 4,056 | 12 | 0.30% |
| 1981 | 163,447 | 1,760 | 1.08% | 3,756 | 11 | 0.29% |
| 1982 | 156,408 | 1,365 | 0.87% | 3,699 | 7 | 0.19% |
| 1983 | 166,271 | 1,504 | 0.90% | 4,067 | 14 | 0.34% |
| 1984 | 178,545 | 1,768 | 0.99% | 4,051 | 3 | 0.07% |
| 1985 | 193,935 | 1,698 | 0.88% | 4,463 | 6 | 0.13% |
| 1986 | 188,971 | 1,852 | 0.98% | 4,043 | 13 | 0.32% |
| 1987 | 211,263 | 1,619 | 0.77% | 4,653 | 11 | 0.24% |
| 1988 | 215,614 | 1,810 | 0.84% | 4,929 | 14 | 0.28% |
| 1989 | 206,116 | 1,756 | 0.85% | 4,557 | 16 | 0.35% |
| TOTALS | 1,826,128 | 17,206 | 0.94% | 42,274 | 107 | 0.25% |

Accident data provided by the Oregon PUC. Compiled through Oregon State Police, DMV and Motor Carriers Accident Reports filed with the PUC.

1-3-91

STATEMENT OF THE HONORABLE JAMES T. BEALL, COUNCIL MEMBER,
CITY OF SAN JOSE, CALIFORNIA
on behalf of
THE NATIONAL LEAGUE OF CITIES
before the
HOUSE SUBCOMMITTEE ON SURFACE TRANSPORTATION
Thursday, April 18, 1991

Mr. Chairman and members of the Subcommittee, the National League of Cities is pleased to have this opportunity to share our views on reauthorization of federal highway and public transportation programs. I am Jim Beall, Council Member from San Jose and Chairman of NLC's Transportation and Communications Policy Committee. I am pleased to join my local government colleague, Mayor Peggy Rubach, representing the U.S. Conference of Mayors.

As the local link in the federal-state-local partnership that built our nation's highway and public transportation systems, the local elected officials represented by the National League of Cities look forward to working with you. This Subcommittee has always led the way in seeking a federal commitment to maintaining and improving our infrastructure resources. We commend you for your leadership and urge your continued initiative.

We also are pleased to see Secretary Skinner and President Bush recognize the grave importance of investing in our

transportation systems. Lack of investment in our infrastructure threatens our economic future, resulting in congested roads, aging transit facilities, and deteriorating bridges. We believe DOT's highway and public transit reauthorization proposal is a good starting point. The DOT plan acknowledges that our needs are great and our federal resources limited. However, we believe that much more can and should be done to met current and future needs.

Local officials believe the federal government needs to play a substantial role in improving urban mobility. Cities and towns are key to our nation's economic future. The National League of Cities endorses a separate, flexible urban/suburban program targeted at strengthening our cities' function as economic centers -- moving people to and from their jobs and moving goods to their intended destination.

An urban/suburban program should deliver federal funds directly to metropolitan areas with local responsibility for selecting and programming projects. Local officials are most familiar and committed to local needs and should be responsible for decision-making on these projects. Funding directed to local or regional bodies brings the transportation community together to develop and agree on priorities, plans, work programs and improvement schedules.

Cities have assumed more and more financial responsibility in funding transportation programs as federal support has declined. Local financial support must be accompanied by increased decision-making over the expenditure of federal funds. In turn, cities will seek innovative solutions in transportation programs to further stretch local, state and federal dollars.

Federal funds under a new urban/suburban program should be flexible for use on highway or public transportation programs that meet a region's mobility needs. Federal matching ratios should be the same across modes so that planning decisions can be made based on the best option for meeting transportation needs.

We also seek a separate, flexible rural program to meet the needs of small communities. The Administration proposal would pit urban/suburban centers against rural areas within a state. We believe large and small communities have different needs and spending decisions are based on different criteria. Spending and programming decisions should be treated separately and funded at appropriate levels.

Local officials support federal funding for preservation and maintenance of the interstate system. We do not support the National Highway System outlined in the DOT proposal. We are concerned that the NHS envisioned by the Administration would

absorb the bulk of federal transportation funds which may not be the best use of limited transportation resources. The NHS does not consider the best way to address mobility needs in a particular corridor and makes no effort to tie in highway projects with other transportation modes. Further, local governments have played a minor, if any, role at all in the planning of the system.

Local officials strongly oppose the Administration proposal to end general federal funding for public transportation programs and depend on the penny gas tax to fund the entire program. We believe the Administration is going in the wrong direction in reducing federal support for public transportation. Public transportation enhances mobility and meets environmental goals. Compliance with the Clean Air Act and the recent passage of Americans with Disabilities Act will most definitely increase local responsibilities for transit expenditures. While commendable goals, local governments cannot replace shrinking federal dollars and meet new financial responsibilities imposed by the federal government.

We believe federal support for public transportation should be enhanced rather than diminished. Funds should be flexible both ways -- from highway to public transportation programs and from transit to highways. Further, we urge your support for correcting an inequity in the federal tax laws which favor employer-provided

parking benefits over employer-provided public transportation. Currently, parking benefits are not taxable, while mass transit passes provided by employers are capped at $15 per month. Although the Treasury Department is considering an increase to $20 per month, we do not believe that this small increase sends the important message that public transportation is as worthy a tax expenditure as free parking.

Local officials are particularly pleased with the provision in the Administration proposal on billboard reform. We believe that the Highway Beautification Act should be amended to prohibit new billboard construction along federally-aided highways, prohibit tree cutting on public-rights-of-way for the purpose of improved billboard visibility, and restore the rights of cities and states to amortize billboards.

Mr. Chairman and Members of the Subcommittee, we greatly appreciate your leadership on these issues and look forward to working with you to pass a surface transportation measure before the September 30 expiration date. You have always been strong supporters of the needs of local governments, and we urge you to continue that support in your deliberations on this bill.

**NATIONAL PRIVATE TRUCK COUNCIL**
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Statement of

GENE S. BERGOFFEN

Executive Vice President

National Private Truck Council

on

The Administration's Proposed

"Surface Transportation Assistance Act of 1991"

Before the

Subcommittee on Surface Transportation

of the

Committee on Public Works and Transportation

United States House of Representatives

Washington, D.C.

April 18, 1991

**Thomas Stedman, President**
Walgreen Company · Deerfield, IL

**Roger Hurley, Vice President**
Perdue Farms, Inc. · Salisbury, MD

**Richard F. Golden, Vice President**
Phoenix Distributors · Anaheim, CA

**David A. Tarr, Vice President**
Pet Incorporated · St. Louis, MO

**Peter Gretale, Vice President**
Cone Mills Corp. · Greensboro, NC

**Kenneth Treger, Treasurer**
Rohm and Haas Company · Bensalem, PA

SUMMARY

VIEWS OF THE NATIONAL PRIVATE TRUCK COUNCIL
ON THE ADMINISTRATION'S PROPOSED
"SURFACE TRANSPORTATION ASSISTANCE ACT OF 1991"

NPTC is the national organization representing companies that operate truck fleets in support of their primary business whether it be manufacturing, distribution, warehousing, retail or service. These are the truck fleets that feed, fuel and provide products and services to America's consumers.

NPTC strongly supports most provisions of the Administration's proposed "Surface Transportation Assistance Act of 1991." We believe this proposed legislation basically responds to surface transportation needs and represents a very promising beginning.

The proposal meets NPTC's three long standing primary objectives for a national transportation policy. These are:

1) an adequate highway system that fosters movement of goods and services to stores, warehouses, factories, distribution centers, and ultimately, consumers;
2) elimination of artificial barriers between states that slow trucking and increase costs of operation;
3) improvements in highway safety.

NPTC does, however, have some concerns with the Administration proposal. First, we oppose combination of urban and rural

programs. Second, we oppose use of toll financing of federal aid highways, except in the most limited circumstances. Third, we oppose provisions relating to congestion pricing.

STATEMENT OF GENE BERGOFFEN
EXECUTIVE VICE PRESIDENT
NATIONAL PRIVATE TRUCK COUNCIL

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I am Gene Bergoffen, Executive Vice President of the National Private Truck Council (NPTC). NPTC appreciates this opportunity to appear before the Subcommittee to present our views on the Administration's proposed highway bill.

Private fleets represent a significant, and perhaps the largest segment of the total universe of truck operators. Collectively, they have been estimated to operate as much as two-thirds of the 1.2 million trucks in this country over 26,000 lb. gross vehicle weight.

NPTC fully represents this extremely important group of motor fleet operators. We represent large fleets operated by Fortune 500 companies and the small fleets of local businesses. Our members operate virtually every type of equipment, from tractor-trailer combinations using tank trailers or 48 or 53 foot long trailers, to straight trucks used in local delivery operations by bakeries and dairies.

The physical integrity of our highway system is of critical importance to NPTC member-companies. Our national economy depends on well constructed and well maintained roads and bridges that



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foster and encourage the efficient movement of goods in commerce. The ability of NPTC member-fleets to support their companies' transportation needs directly depends on it also. Retailers, distributors, warehousemen, manufacturers and service companies alike must have good roads to move raw materials and finished products.

NPTC GENERALLY SUPPORTS THE ADMINISTRATION'S PROPOSED "SURFACE TRANSPORTATION ASSISTANCE ACT OF 1991"

NPTC believes the Administration proposal, if adopted, would go a long way to insuring the future integrity of our national highway system. This position is based on the following:

1) A 5-year bill, such as the one proposed by Secretary Skinner, will offer much needed stability and predictability to federal highway funding;

2) The focus on federal investment in "highways of national significance" along with increased overall funding, offers the best opportunity to support the concept of national commercial corridors to facilitate the flow of goods and services.

3) The increases in funding for bridges is critical to maintaining their structural integrity. According to some estimates, 40 per cent of bridges are in need of

repair or replacement. This problem is particularly acute in rural areas where fully one-half of the bridges are believed to be below standard;

4) The efforts contained in the Administration's proposal aimed at congestion relief are essential to the free flow of goods and services.

5) The proposed expansion of the national system will allow for more productive use of equipment.

NPTC SUPPORTS REFORM OF STATE REGULATION OF TRUCKING

NPTC vigorously supports the Department's efforts to improve productivity by reforming the current hodgepodge of inefficient, confusing and often conflicting state regulations governing trucks and truck operations.

As a result of highly restrictive regulation of routes, rates and services in some states, as well as tax systems which lack procedural uniformity, interstate fleet operators are confronted with a blizzard of unnecessary paperwork and other administrative burdens. NPTC members can not make the most efficient use of the highway system unless there is greater uniformity and simplicity in state trucking regulation and free access to the highway transportation system.

For this reason, NPTC supports the Administration proposals to:

1) Eliminate anticompetitive economic regulation of trucking. This regulation offers no safety, environmental or consumer benefit, and its removal will allow our member-companies to make far more productive use of the highway system.

While efficiency in trucking operations was greatly enhanced by the Motor Carrier Act of 1980, much more needs to be done to eliminate artificial economic restrictions. These restrictions result from outmoded state regulation of rates, routes and services. Such regulation is inherently anticompetitive. Private carriers in particular have been prevented from undertaking many efficient operations because of the failure of a number of states to allow, within their own jurisdictions, the opportunities provided under federal law since 1980. For example, approximately 35 states currently prohibit private carriers from engaging in compensated intercorporate hauling in intrastate commerce, and approximately 30 states prevent single source leasing in intrastate commerce. Many states also continue to impose stringent artificial restrictions on the issuance of operating authority.

As an example of the high costs imposed by intrastate regulations of truck operations, it currently costs one NPTC member company $296.00 to ship 36,000 lbs. of cherries from Grandview, Washington to Portland, Oregon. However, an intrastate shipment of the same load, over the same distance, from Grandview to Spokane, costs $597.00.

This is just one example, among many, of the ways in which the continued state regulation of truck rates, routes and services causes nightmares for corporate logistics managers and prevents American industry from making the most productive and efficient use of truck fleets.

2) Require the states to implement uniform procedures for collection of registration fees and fuel taxes. Lack of uniformity in this area is a major stumbling block to efficient highway use.

3) Grant the Secretary authority to require the states to establish "one-stop shopping" whereby an individual or fleet operator could go to a single point of contact within a state for registering a commercial motor vehicle, paying fuel use taxes, and filing for and paying other fees or taxes associated with the purpose, use and

operation of commercial vehicles in interstate commerce.

4) Eliminate state "bingo card" requirements. There is no legitimate purpose for these state programs which require duplicative filing of operating authority, and require cab cards and decals in every tractor.

NPTC is aware that there is significant opposition form some states to federal action to bring about the reforms outlined above. The National Governors Association (NGA), while professing to support uniformity in registration and fuel tax procedures and implementation of one stop shopping, has opposed the congressional "intervention" necessary to bring them about in a timely fashion. It has taken literally decades for most states to voluntarily become parties to the International Registration Plan. With our international competitiveness, and ability to efficiently use our highways at stake, America can not afford to wait any longer for productivity reforms in the areas of economic regulation, fuel taxes and one stop shopping and "bingo cards."

NPTC SUPPORTS INCREASED FUNDING FOR MCSAP

NPTC believes that the Administration's proposal to increase the level of funding for the Motor Carrier Safety Assistance Program (MCSAP), if adopted, will represent a significant contribution to improvements in motor carrier safety.

Safety is the priority concern of our membership. Safety is good business. A safe operation is a productive operation. Goods will be delivered, and services offered, only if these are done in a safe and healthy way. For these reasons, NPTC supports the Administration's proposed increase in funding for the Motor Carrier Safety Assistance Program (MCSAP).

The Motor Carrier Safety Assistance Program has become the centerpiece for federal-state cooperation in truck safety enforcement. MCSAP has caused states to reevaluate, and in many cases, significantly improve, their policies and practices affecting motor carrier safety. MCSAP has dramatically increased inspections by state safety officials, increased compliance with safety requirements, promoted uniformity of federal and state legislation, and enhanced industry's awareness of the importance of safety.

For this reason, NPTC strongly supports increased funding for the MCSAP program. We believe the levels in the Administration's proposed Surface Transportation Assistance Act will move the program along aggressively.

NPTC SUPPORTS FUNDING FOR A COMMERCIAL VEHICLE INFORMATION SYSTEM

The Administration's proposal includes provisions relating to information systems utilized by one or more states pertaining to collection of fees and taxes for vehicle registration, motor fuel

use and related purposes. Funds authorized for the Motor Carrier Safety Assistance Program would be available to assist states to upgrade their existing information systems supporting information exchange and transfer of funds.

As indicated above, NPTC strongly supports the uniformity provisions of the Administration's proposal relating to the International Registration Plan, and the International Fuel Tax Agreement. Further, we have no objection to the use of MCSAP funds for the development and initiation of the information systems needed to support these plans.

We see this funding approach as strengthening MSCAP and not as diluting MCSAP objectives. We believe there is a direct link between effective administration of the MCSAP program and a reliable, and frequently updated, database of motor fleet operators. Although many states have adequate records of carriers who operate within their states, there is no one reliable source of information on interstate operators, and on all intrastate operators. The Safety Audit and Roadside Inspection Programs of MCSAP could logically be related to base state registration information. This will insure a reliable source of information for planning inspections, and for inclusion of critical information in the "Safety Net" system, which currently inventories those fleets with documented safety problems.

While we may question the scope and degree of direct federal and state grant funding anticipated for system reviews and implementation, the basic approach in the Administration's proposed Commercial Vehicle Information System is sound, and the system will clearly facilitate the entire MCSAP effort.

NPTC OPPOSES CONSOLIDATION OF URBAN/RURAL PROGRAMS

The Administration's plan calls for a consolidated Urban and Rural highway program, replacing urban, secondary, primary, safety construction and transit discretionary programs. NPTC opposes this proposal to combine the urban and rural program components. The need for repair and maintenance of rural road systems is as great or greater than that of urban transportation facilities. Fully 80 per cent of America's roads pass through rural areas. According to the Highway Users Federation one-half of rural bridges are below standard. Traffic congestion is now growing faster in outlying and rural areas than in metropolitan communities. Maintaining the physical integrity of rural roads is critical to local and national economies and is necessary to the efficient movement of products to and from farms, forests and mines.

NPTC fears that the highway transportation needs of rural areas will lose out in competition with politically powerful urban interests seeking transit and urban highway dollars from the same pot of money. To assure equity and protect the needs of users of non-urban roads and highways, NPTC urges that distinct metropolitan

and rural programs be maintained and separately funded.

NPTC OPPOSES DOT PROVISIONS RELATING TO TOLL FINANCING

NPTC opposes the provisions in the Administration's proposal relating to the use of toll financing and "congestion pricing."

The Administration proposes to allow tolls to be applied to non-Interstate federal-aid highways if the road is upgraded to a controlled-access facility. It would also permit Federal-Aid funds to be used to create new toll facilities and permit tolls to be collected after a facility has been paid off.

NPTC members generally view tolls on publicly-financed highways as a form of "double taxation" requiring massive administrative effort and cost to implement. However, we are prepared to concede that there may be extremely limited circumstances, where the needs are very great and other financing options are unavailable, where it may be appropriate to utilize technologically-efficient toll financing. In no circumstance, however, should tolls be used on existing highways constructed with public funds; should toll fees be used for non-highway purposes; or, should tolls be used to limit or discourage the use of publicly-funded highways.

NPTC OPPOSES CONGESTION PRICING

With respect to congestion pricing, the Administration's proposal would open the door to local restrictions on highway mobility.

While NPTC members are acutely aware of the problems caused by increasing traffic congestion, we also know that the ability to use the highway system to the fullest extent possible is an important element in economic prosperity, and that full access is necessary to support American industry's transportation logistics needs. Therefore, NPTC opposes the Administration's proposal relating to congestion pricing.

NPTC SUPPORTS STUDY OF COMMERCIAL MOTOR VEHICLE DEFINITION

The Administration's proposal continues current definitions of commercial motor vehicles. Under this definition, a commercial motor vehicle includes all vehicles with a gross vehicle weight rating of 10,001 lbs or more.

In late 1989, the Federal Highway Administration (FHWA) issued an advance notice of proposed rulemaking, asking whether the 10,001 lb. gross vehicle weight rating used to define commercial motor vehicles should be changed for MCSAP purposes. Many believe it should, including some members of NPTC. FHWA received a number of comments urging the 10,001 lb. threshold be raised to 26,001 lbs.

Although we did not recommend a change in the threshold definition, NPTC did support the right of individual states to exercise discretion over their enforcement of MCSAP safety laws on vehicles weighing less then 26,000 lbs., without jeopardizing their eligibility to receive MCSAP monies. A number of NPTC members

operate medium and light duty vehicles. These companies, principally those involved in the delivery and service industries have excellent safety records, and believe they are impeded by a number of unnecessary requirements relating to these smaller vehicles. For that reason, NPTC urged FHWA to initiate a study of medium vehicle operations to determine whether, and, or to what extent, the gross vehicle weight rating threshold could be raised to exempt medium vehicles from Motor Carrier Safety Assistant Act requirements, without undermining safety. We continue in our belief for the need for such a study, and believe in the long run, ways can be found to increase the productivity of medium weight vehicles, without undermining the purposes and impact of the Motor Carrier Safety Assistance Program.

CONCLUSION

NPTC supports most provisions of the Administration's proposed Surface Transportation Assistance Act of 1991. We believe it meets NPTC 's long standing objectives for an adequate, well maintained highway system, reform of state trucking regulations, and improvements in motor carrier safety. We are opposed, however, to the proposal to combine the urban and rural programs and to the provisions relating to toll financing and congestion pricing. NPTC looks forward to working with the Subcommittee and Congress to insure timely enactment of comprehensive highway legislation.

UNITED STATES HOUSE OF REPRESENTATIVES
PUBLIC WORKS AND TRANSPORTATION COMMITTEE
SUBCOMMITTEE ON SURFACE TRANSPORTATION

TESTIMONY OF

THE HONORABLE KEITH BISSELL
TENNESSEE PUBLIC SERVICE COMMISSION

ON BEHALF OF THE

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ON

# H.R. 1351, THE SURFACE TRANSPORTATION ASSISTANCE ACT OF 1991

APRIL 18, 1991

Mr. Chairman and Members of the Subcommittee:

Good morning. My name is Keith Bissell and I am a commissioner of the Tennessee Public Service Commission and a member of the Executive Committee of the National Association of Regulatory Utility Commissioners, commonly known as the NARUC, on whose behalf I appear here today. I am accompanied by Paul Rodgers, NARUC Administrative Director and General Counsel, Charles D. Gray, NARUC Assistant General Counsel, and Kathryn Falk, NARUC Assistant Director of Congressional Relations.

The NARUC is a quasi-governmental nonprofit organization founded in 1889. Within its membership are the governmental bodies of the fifty States engaged in the economic and safety regulation of carriers and utilities. The mission of the NARUC is to serve the public interest by seeking to improve the quality and effectiveness of public regulation in America. More specifically, the NARUC contains the State officials charged with the duty of regulating the intrastate rates and services of motor carriers of goods and passengers operating within their respective jurisdictions. These officials have the obligation under State law to assure the establishment and maintenance of such intrastate motor carrier services as may be required by the public convenience and necessity, and to ensure that such services are provided safely at rates and conditions which are just, reasonable, and nondiscriminatory for all consumers.

The NARUC is also the "national organization of the State commissions" described in 49 U.S.C. sec. 11506(c)(1). Under this

statute, which the legislation proposed by the Administration would effectively repeal, the NARUC certifies to the Interstate Commerce Commission (ICC) uniform standards and procedures by which the States implement a registration process for interstate motor carriers. Under these standards, which are codified at 49 C.F.R. Part 1023, 39 States have implemented a uniform process whereby interstate carriers provide States with evidence that they are operating in a lawful, financially responsible manner.

The NARUC and its members greatly appreciate the opportunity you have given us to present our views on H.R. 1351, The Surface Transportation Assistance Act of 1991, proposed by the Bush Administration, and H.R. 1064, The Safe and Competitive Trucking Act of 1991. It is readily apparent that if enacted, these pieces of legislation would have a substantial, direct, and damaging effect on State regulation of the intrastate motor carrier industry and enforcement of lawful interstate operations. Indeed, the provisions of this legislation leave little doubt as to its purpose: to abolish State economic regulation of intrastate motor carriers regardless of the policy decisions made by the respective State legislatures, to limit the ability of the States to impose fees and taxes upon the carriers who profit through the use of the highways and other facilities that these States and their respective citizens provide, and to undermine the ability of the States to ensure that carriers operate safely, lawfully, and in a financially responsible manner. In short, this legislation constitutes a frontal assault on the States and their legislative,

administrative, and law enforcement obligations to their citizens.

The irony of all this is that in its legislation, the Bush Administration has created a blueprint for the Federal government to reduce its role in the funding and rehabilitation of the Nation's transportation infrastructure in favor of greater demands on State and local government. The logic behind legislation such as H.R. 1351 appears to be that while the Federal government reduces its role in paying for a national transportation system, that same Federal government will limit, preempt and dictate State regulatory, tax, and licensing policies and procedures. With all due respect, this kind of reasoning appears to turn the old expression -- He who pays the piper, calls the tune -- on its head.

It has been the NARUC's long and consistently held view that decisions affecting citizens where they live, work, and travel are best made by the level of government closest to them. And, of course, it is not just the view of the NARUC: it is the framework of government embodied in the Constitution. Accordingly, regardless of the wishes of some for "greater uniformity" and the demands of others for an end to "burdensome regulation", the operation of interstate carriers has undeniably local impact which, under our system of constitutional Federalism, State and local governments have every right to consider and address through the reasoned exercise of their inherent police powers.

The legislation you are considering here today would change all of that. States would effectively lose the power to regulate economically the operations of carriers profiting from the

privilege of using State and local highways to transport goods within the borders of a State. States would lose the ability to require that interstate carriers also enjoying the use of State and local facilities prove that they are operating lawfully, are properly insured, and are subject to the legal process of the State's judicial system. States would find their authority to collect taxes and fees limited and subject to the continuing threat of Federal court injunction.

These are all important issues. The first two -- intrastate economic regulation and removal of State enforcement of interstate carrier operations -- directly affect the NARUC, since in most States, these functions are performed by the independent regulatory commissions who comprise the Association's membership. Therefore, I intend to devote the rest of my remarks to these two elements of the legislation.

## PREEMPTION OF INTRASTATE ECONOMIC REGULATION

Section 303 of the Administration's bill and section 3(a) of H.R. 1064 would amend Chapter 5 of Title 23, U.S. Code to exempt all interstate carriers from State economic regulation of their intrastate operations.[1] While this appears to leave some room for

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[1] Specifically, section 303 would add a new section 508(a) to Chapter 5, Title 23 which would preempt State economic regulation of "any motor carrier providing transportation of passengers or property in interstate commerce." The legislation does not deregulate interstate truck operations, however. Interstate carriers would remain subject to the regulatory authority of the Interstate Commerce Commission, whose jurisdiction would be expanded to cover the intrastate operations of "interstate" carriers, including carriers who in practice only provide

State regulation in that wholly intrastate carriers are not covered by the bills, as a practical matter, the enactment of these provisions would inevitably result in the end of State economic regulation. The reason is obvious: given the ease with which any carrier can become an "interstate carrier", this legislation would provide carriers the opportunity to simply opt out of State regulation. And given that carriers who did not opt out would be forced to compete for intrastate traffic with carriers who would be free from any State economic regulation, it should be obvious that carriers now quite content to provide solely intrastate service would have no choice but to apply to the Interstate Commerce Commission for interstate operating authority in order to exempt themselves from State regulation.[2]

Therefore, we must make no mistake concerning the purpose and effect of this section. The legislation will reach beyond the operations of carriers who now operate in interstate commerce. It will result in the conversion of all intrastate carriers to interstate status, whether or not such carriers ever intend to provide for-hire service in interstate commerce.[3] And, of

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intrastate service.

[2] H.R. 1351 and H.R. 1064 only remove State regulation of intrastate commerce. Interstate carriage would remain subject to ICC regulation under the Interstate Commerce Act, as amended.

[3] Of course, carriers now content to provide intrastate service who become "interstate" in order to opt out of State regulation will inevitably be forced to compete for interstate traffic. Perhaps such enhanced interstate competition would be beneficial. Given the increased financial distress of the interstate motor carrier industry, however, the effect of more carriers chasing the same amount of interstate traffic may

course, this will occur without the approval or involvement of State legislatures, regulatory commissions, or intrastate shippers and carriers.

With great respect, the NARUC must strongly object to this plan to move regulatory policymaking from the States to the Federal government. Simply put, these decisions -- whether to regulate, deregulate, or reform regulation of intrastate motor carriage -- must stay where they belong, in the hands of State legislatures and regulatory commissions. It is simply false to claim that the States cannot be trusted to develop and implement regulatory policies necessary to provide safe, adequate, and efficient intrastate motor carrier service. In the last ten years, some States have chosen to entirely remove economic regulation of intrastate carrier operations.[4] Other States have chosen to reform their regulatory programs without completely deregulating.[5] A third group of States has retained the basic shape of their preexisting programs, but many have found that programs for the economic regulation of carriers can provide important safety-related benefits.[6] My point is that the majority of the States have reviewed their regulatory policies and laws in the last decade and made a variety of decisions, based on geographic, demographic,

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exacerbate the industry's current financial plight.

[4] The States which have deregulated since 1980 include Arizona, Florida, Maine, and Vermont.

[5] Notably, Georgia, Texas, California, and Illinois.

[6] Tennessee is such a State.

economic, and yes, political factors, to tailor their regulatory programs to the interests of their shippers and passengers, intrastate carriers, and the public at large.

The proponents of preemption/deregulation often make the point that States who restrict intrastate motor carrier operations or establish excessive rate levels only hurt themselves because shippers locate their plants, warehouses and distribution facilities outside State borders. The point appears to be that this loss of instate economic activity far exceeds any benefit that restrictive regulatory policies may provide. If this is true, it is only a matter of time before State legislators and regulators reform the regulatory process on their own to avert such economic losses. In effect, any penalties a State pays for its regulatory programs will result in corrective action by State policymakers.

Moreover, we would submit that there is substantial disagreement that preemption of State trucking regulation would result in the magnitude of cost savings often cited by the proponents of preemption/deregulation. Last year, the United States Department of Transportation issued a report entitled The Impact of State Economic Regulation of Motor Carriage on Intrastate and Interstate Commerce by W. Bruce Allen et al. (May 1990) which purported to show that intrastate deregulation would "save" $2.863 billion for the U.S. economy. Attached to this statement is an analysis of this report conducted by William Pollard, an economist at our affiliated research institute, the National Regulatory Research Institute (NRRI), which concludes that these "savings" are

overstated by a factor of twenty when more traditional economic methodologies are applied to the data collected in the DOT report. In addition, the NRRI analysis notes that in twenty States, conversion of intrastate LTL rates to comparable discounted interstate rates would lead to rate increases which would offset any "savings" in intrastate markets in other States. My point is that inflated claims of substantial cost reductions through preemption of intrastate motor carriage must be viewed very skeptically.

Why then is it more appropriate for the States to develop and implement a variety of regulatory policies, rather than have the Federal government impose a deregulated uniformity nationwide? Different State commissions offer a number of reasons: First, traffic patterns -- the movement of goods and passengers between a series of intrastate points -- vary greatly from State to State and market to market. Between some city pairs, traffic is heavy and competitive service is ample. In other markets, there is simply not enough traffic to support large numbers of carriers. Indeed, some States have determined that some low volume markets will have difficulty attracting much common carrier freight service at all without the demands and incentives that regulation provides intrastate carriers.

Second, many States believe that there is a direct link between economic regulation and carrier safety. The linkage is this: carriers who have some regulatory protection from deep rate discounting on high volume traffic will have greater financial

ability to provide proper maintenance for their vehicles, training and pay for their drivers, and insurance for the protection of the traveling public. I fully recognize that many respected observers of the transportation industry, including some State regulatory commissioners, deny that any such linkage exists. In their view, economic deregulation does not end the need for vigorous enforcement of all safety rules and regulations, a point with which I fully agree. However, in the view of many, including many members of Congress, the deregulatory policies implemented in the last decade have weakened air and motor carriers financially in ways that have directly affected safety. I do not intend to resolve this debate here tod. . My point is more modest. By enacting this legislation, the Congress would in effect be saying that this debate doesn't matter, that States who firmly believe that a deregulated motor carrier industry is a less safe industry should have no say in the matter, and that if safety deteriorates in intrastate carriage, it is somebody else's fault. Respectfully, we submit that until there is a consensus that safety will not be affected by these bills, Congress should leave the resolution of this issue where it belongs -- with State legislatures and regulators.

REPEAL OF STATE ENFORCEMENT OF LAWFUL INTERSTATE CARRIAGE

Section 305 of the Administration's bill and section 3(b) of H.R. 1064 would revise 49 U.S.C. sec. 11506 to prohibit States from

enforcing the lawfulness of interstate carrier operations. This means that the States would no longer be permitted to require interstate common and contract carriers to provide evidence that they possess ICC operating authority. The legislation also would prohibit State requirements that carriers be adequately insured, and that they have an agent for the service of legal process within each State in which they operate. In so doing, the bills would repeal a program begun twenty-five years ago to enlist the States in ensuring that the carriers who use their highways are lawful. Even if insurance and agent process registration would not be abolished, the bills would cut off the States' sources of revenue necessary to perform these functions.

If Congress removes State inspection and enforcement authority through the enactment of these bills, there will be no meaningful enforcement at all. In this era of continuing Federal budget crises, there are no Federal motor carrier inspectors equipped to provide nationwide coverage of interstate carrier operations. As it now stands, it has become Federal policy to rely on the States to ensure that interstate carriers are operating safely, lawfully, and with adequate insurance. The enactment of these bills could place many aspects of motor carrier enforcement efforts entirely off limits to the States. Let me list the areas which a State policeman or other patrol officer approaching an "interstate carrier" at a weigh station or roadside inspection could well have no jurisdiction to enforce if this bill passes. Since this legislation would convert virtually all for-hire carriers to

"interstate", these limitations would of course apply to formerly intrastate carriers who would be able to opt out of not only State intrastate regulation but also State enforcement of interstate rules and standards.

> First, the officer would be precluded from determining if the carrier had adequate insurance as required by law.
>
> Second, the officer would be precluded from asking for proof of the carrier's ICC operating authority.
>
> Third, the officer would be unable to determine if the carrier had, as the law requires, subjected itself to the jurisdiction of the State's legal process through the designation of an in-State agent.

Despite claims to the contrary, it appears clear that the bills would remove State enforcement jurisdiction over these three elements, which are specified in section 11506. Given the breadth of these sections of the two bills, the legislation could also be read to preclude the officer from enforcing the lawfulness of any other "interstate transportation activity" covered by "a regulation issued by the [ICC]." Such ICC regulations cover many areas, placing State enforcement of at least the following matters at risk:

1. Examination of bills of lading. 49 C.F.R. Part 1051.
2. Lawful operations within commercial zones [49 C.F.R. Part 1048] and terminal areas [49 C.F.R. Part 1049].
3. Presence of external identification on vehicles. 49 C.F.R. Part 1058.[7]

---

[7] It is ironic that the ICC has a proceeding now pending to abolish its external identification rules on the grounds that such requirements are redundant. The ICC finds these requirements unnecessary because the States require interstate carriers to carry internal identification in the form of cab cards. H.R. 4261 would of course prohibit the States from implementing such a requirement.

4. Enforcement of carrier fitness, including safety fitness. 49 C.F.R. Part 1067.

The sweep of this legislation is startling. Reading its two preemptive provisions together, these bills would implement a policy which converts intrastate carriers to interstate operators, and then removes all interstate carrier operations, including operations between intrastate points, from the reach of State safety and insurance enforcement. Given the fact that there will be no new Federal inspectors or enforcement officers to perform these functions, this legislation is a formula for unleashing a wave of uninsured, unsafe carriers on our Nation's highways.

Given increasing public concern with press reports of unsafe and uninsured carrier operations, including the operation of hazardous materials transporters who would also be freed from State jurisdiction by these bills, it seems to us a particularly inappropriate time to even consider, let alone pass, legislation which expands the number of such interstate carriers while preempting State enforcement activities. Yet, that would be the result of the enactment of these bills.

Earlier, I mentioned that the Administration's highway bill would shift responsibility for rebuilding the Nation's transportation infrastructure from the Federal government to States and localities. The policy also recommends increased reliance on user fees as a replacement for general revenues, which in the current anti-tax environment, are increasingly scarce. The Subcommittee should be aware that the proposed amendments to

section 11506 contained in this legislation would remove an important funding source for State motor carrier enforcement which is quite consistent with the user fee approach. Currently, the States participating in this registration program collect a modest annual registration fee for each interstate vehicle that crosses their respective borders. These funds are then used by the States to supplement other funds used to employ safety inspectors, weigh vehicles, investigate accidents, and maintain the important insurance files. The bills would, of course, prohibit the collection of these user fees, leaving the States with less money to enforce the law, even if they still had jurisdiction to do so.

Since 1965 when Public Law 89-170 [codified at 49 U.S.C. sec. 11506] was enacted, the NARUC has been directly involved with the implementation, operation and revision of the registration program established by that statute. As I noted in the opening of my statement, the NARUC acts as the agent of the States in certifying to the ICC the standards and procedures under which the program operates. Throughout the history of the program, we have been ready, willing and indeed eager to work with carriers and their representatives to ensure that this program operates efficiently. We recognize that carriers do complain about the occasional administrative problems that arise under the program. On behalf of the States, the NARUC has always sought to be responsive to legitimate carrier complaints. Accordingly, the NARUC proposes to amend section 11506 to strengthen State safety enforcement, improve State accountability of funds raised by the program, and reduce

administrative burdens on the carriers through the implementation of a base-State registration system.

Our proposals are contained in the amendments to section 11506 attached to this written statement. Specifically, we propose amendments which would (1) ensure that all fees collected by the States under the program be used for motor carrier enforcement purposes, including safety enforcement; (2) authorize the Interstate Commerce Commission or its designee to audit the use of these fees by individual States; and (3) convert the current State-by-State registration program to a base-State system by 1994.

In our view, each of these three provisions will improve the program from the standpoint of carriers. First, earmarking revenues for regulatory and safety purposes, subject to ICC audit, will directly respond to public concern over motor carrier safety, which according to reports recently issued by the Federal Highway Administration, has not improved in recent years despite substantial Federal and State spending on safety enforcement, including grants to the States under the Motor Carrier Safety Assistant Program (MCSAP). Our amendments would employ user fees to fund intensified State safety enforcement and reduce the pressure on the MCSAP program.

Second, the establishment of a base-State registration program, which would allow each carrier to register once in its own jurisdiction, will greatly reduce paperwork burdens on the trucking industry. Our goal is to develop and implement a base-State system by 1994 which preserves the enforcement benefits of the current

program, ensures full State revenue recovery and eliminates the requirement that each motor carrier register in each State in which it operates. We are fully confident that the adoption of our base-State proposal will provide important public benefits at reduced costs to the industry.

We firmly believe that as a matter of public policy, it is far better for the States to develop solutions -- either individually or through organizations such as the NARUC -- than for the Congress to enact the sort of excessively preemptive legislation that is now before this Subcommittee. Frankly, we do not understand that even the most committed advocates of deregulation support an increase in the operations of unsafe and uninsured interstate carriers. Yet, that is precisely the result you will get if you enact these bills.

## CONCLUSION

Mr. Chairman and members of the Subcommittee, the NARUC greatly appreciates the opportunity you have given us to address these important issues. As you examine this legislation, we urge you to be pragmatic and realistic. There is simply no problem concerning State regulation of motor carrier operations that these bills would fix that cannot be addressed through actions by the States acting individually and through their participation in the activities of the NARUC. However, there are many problems the bills would create that would lead to serious deterioration in safe and financially responsible carrier operations.

Thank you for your time and attention. I and my colleagues would be happy to answer any questions you have.

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Phillip M. Gener
Executive Director

Transportation Division
Thomas R. Myers, Manager

MEMORANDUM

TO: KATHERINE FALK

FROM: TOM MYERS

DATE: APRIL 2, 1991

SUBJECT: U.S. DOT STUDY ON THE COSTS OF STATE TRUCKING REGULATION

You may have already received a copy of the attached material, but it is the comments of the Ohio State University's Regulatory Research Institute regarding the U.S.DOT study of state economic regulation of trucking. I think the OSU economists do a good job of pointing out the questionable validity of the U.S.DOT document.

From Illinois' standpoint, the DOT report completely mischaracterizes the nature of trucking regulation in this state, and its conclusions are based on totally incorrect assumptions about the extant of rate regulation here. The report calls Illinois a "strictly regulated" state, when in reality the opposite is true. We do not regulate rate levels, discounting is allowed, and we have had an extremely liberal entry policy for twenty years or more.

The report claims that Illinois' regulated intrastate rates are 25% to 35% higher than interstate rates, certainly a strange conclusion insofar as Illinois has not regulated rate levels for so many years. If a credible study revealed Illinois intrastate rates actually were 25% to 35% higher than interstate rates, it would lead inevitably to the conclusion that we should begin to more strictly regulate unreasonably high intrastate rates, not deregulate totally! In addition to the fact that the rate level here is unregulated, we have perhaps the largest terminal area rate exempt zone in the country in which more than 50% of all for-hire traffic moves. Carriers don't even file their rates with us, much less seek approval, for traffic in these zones.

Our assumption has always been that unregulated Illinois intrastate rates have been at parity with unregulated interstate rates. We have been concerned about this from the standpoint that the interstate rate level is hardly a standard of worthy of emulation. It has become a concoction of numbered account codes encouraging discriminatory practices, set at such depressed levels as to cause countless bankruptcies. Nevertheless, Illinois' central geographic position has compelled this agency

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to allow intrastate carriers to compete with interstate rates or lose traffic to interstate carriers with terminals in neighboring states who offer interstate rates.

We have begun a study of comparative rates, using actual rate data rather than theoreticals, to demonstrate the "parity assumption". While it is too early to reach any conclusions, some initial data suggests that Illinois class rates are much lower than we first thought, and may be even lower than- not at parity with- discounted interstate rates. I will convey the results of our study to you when it is completed in a few weeks.

The net result, in my view, is that the U.S.DOT study of state regulation does not accurately assess state programs, and certainly should not be the basis for a change in national transportation policy, especially where state preemption is concerned.

The National Regulatory Research Institute

THE OHIO STATE UNIVERSITY

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March 18, 1991

The Honorable Thomas P. Harwood, Jr.
Commissioner
Virginia State Corporation Commission
Jefferson Building
P. O. Box 1197
Richmond, Virginia 23209

Dear Tommy:

Your letter of February 5, 1991 asked if we could "take a look at" the methodologies used in the May 1990 DOT Final Report on motor carriage. In my reply of February 19th I said we could make some critique and commentary for you, but suggested that you might want to engage others as well who are closer to it. Enclosed is our assessment--a memorandum from Bill Pollard, one of our senior staff economists, to me.

In addition to Bill Pollard's analysis there are a number of scattered observations that come to mind for me in scanning the report.

- chapter 2 in reviewing the history of motor carrier regulation, falls into the trap of comparing imperfect commission regulation with idealized perfectly functioning markets. Of course, the only fair comparisons are either imperfect regulation with imperfect markets or perfect regulation with perfect markets.

- market solutions are presumed to involve few oversight costs, though this surely hasn't been true in banking, securities, natural gas, and telecommunications deregulation.

- while necessary to the analysis, the problem of isolating "different regulatory schemes" as the single variable on which the outcome is dependent is a formidable one. Simplification may come at the price of necessary accuracy.

- the consistent theme is that "the 42 states that still maintain some form of . . . economic regulation" are misguided at best and that at least 20 of these are injuring their shipping public and those of the other states with no redeeming features to the stricter regulation. Such a conclusion is somewhat counterintuitive and in all events denies the "states as laboratories" theory of dual regulation.

- the finding that nearly half of the 37 states analyzed (17) did not have higher interstate rates than intrastate rates would seem to be more notable than the study suggests. And the explanation that "This may be because the latter (17) states practice liberal regulation or use the regulatory process to hold rates down (emphasis added)" would seem to acknowledge that both a market solution and a regulatory one could reach the same result.

- some acknowledgement should be given to "the other side" of the trucking industry, and that is the undue effect that monopsony or near-monopsony shippers can have on freight rates and ultimately trucking company survival. One gathers that in the case of truck load lots anyway (not the subject of this study) much traffic moves under deeply discounted rates that often might fail the traditional test of not being unduly discriminatory.

- the argument that business will gravitate toward states that have deregulated trucking is probably generally overstated in the same way that "favorable tax treatment" is supposed to be determinative in industrial location decisions. Freight rates would have to be a major portion of total operating costs; they might occasionally be a factor at the margin, but in any event would seem to only apply in this context if most of the traffic of the firm is intrastate in character.

- the "public interest theory" of regulation is dismissed, and the (largely discredited) "capture theory" is assumed to be true and (strangely) incorporated into "a composite theory of regulation."

- contestability theory seems to be believed in by the authors, though a not insignificant part of the economics profession doesn't.

- there seems to be the implication that antitrust can be relied upon as a workable alternative to current regulation.

- if the analysis is correct in estimating a $611 million burden that the non-deregulated states are annually placing on the deregulated ones, two comments are (1) an average of $20 million per state is a rather small number, and (2) that "burden on interstate commerce," as it is phrased in the last line of the Executive Summary, would probably not be enough to allow federal preemptive regulation of this intrastate commerce under the 1923 decision in North Carolina vs. United States treating unjustly discriminatory inequalities. While federal use of the interstate commerce clause has few limits, one of them is, I believe, that the mere existence of inequality is not necessarily proof of an undue burden which would allow federal supremacy to be invoked. And, of course, if the Pollard analysis is closer to the welfare losses experienced, the case for federal preemption (at least on these grounds) would be still less persuasive.

We hope this adds to discussion of the matter. As you know, the usual disclaimer applies--these are merely two sets of comments by two economists here.

Best regards,

Douglas N. Jones
Director and Professor
of Regulatory Economics

jjs

cc: The Honorable Claude M. Ligon, Maryland
Chair, NARUC Committee on Transportation

William S. Fulcher, Virginia
Chair, NARUC Staff Subcommittee on Transportation

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Date: March 18, 1991

To: Douglas N. Jones, Director

From: William Pollard, Senior Research Specialist

Subject: Request from Judge Thomas Harwood, Virginia State Corporation Commission

As requested, I have reviewed the research methods used in The Impact of State Economic Regulation of Motor Carriage on Intrastate and Interstate Commerce by W. Bruce Allen et al. The analysis in the report combines a Posner welfare model and a multiregional input-output model to estimate the Posner welfare gains resulting from the instantaneous adjustment of the economy to the simultaneous deregulation of less than truck load haul (LTL) prices in 40 states.[1] The authors consistently assume throughout the report that the effect of regulation on LTL rates is to increase the price for this service. Deregulation is modelled as a decrease in LTL rates in twenty states to the discounted interstate level.[2] In states with rates lower than the interstate level, deregulation is assumed to leave rates unchanged at their regulated levels. I have two main observations on the general methodology to share with you.

1. Much of the analysis and quantitative results depend heavily on the Posner welfare model and its assumed and implied behavioral assumptions. The Posner welfare model is not a traditional economic welfare analysis and tends to overstate the changes in economic welfare by a substantial amount. Reworking the example found in chapter 4, the welfare loss the authors estimate is overstated by a

[1] To account for the fifty states and the District of Columbia, eight states have deregulated motor carriers and two states and the District of Columbia are not included in the study.

[2] Intrastate discounts, where applicable, were deducted from the LTL rates for comparison. A national average 40 percent discount was applied to published interstate rates.

factor of twenty when compared with traditional economic welfare analysis.

2. The multiregional input-output model is a static model rather than a dynamic model with lagged adjustment to equilibrium. Couple this with the assumption that deregulation occurs simultaneously in forty states, and the annual welfare loss the authors estimate would be larger than that estimated by a dynamic model which would distribute the deregulation by the states and the economy's subsequent adjustment over a period of years.

In the remainder of this review, I briefly explain my reasoning behind these two observations and offer some summary analysis of the authors' findings on the relationships between intrastate rates and interstate rates.

## The Posner Welfare Model

The analysis in the report relies heavily on the behavioral assumptions on the Posner welfare model. This welfare model differs from traditional economic welfare models in that it assumes excess profits are converted to costs through nonprice competition. Consequently, in addition to counting traditional measures of economic welfare, the authors add the income transfer between producers and consumers as a social cost of intrastate motor carriage regulation. Welfare economists would find this inclusion peculiar. Furthermore, the assumptions of the Posner welfare model lead the authors to ignore in their analysis the twenty states that had prices lower (seventeen states discounted and three states undiscounted) than the 40 percent discounted interstate level. The hypothesis that regulation is holding down rates in these states is never tested. If this hypothesis is true, deregulation is presumed to increase rates in these states and offset the welfare gains of lower prices in some other states. Instead, the authors assume that deregulation in these states would not have any effect on the rates in the states with lower LTL rates. Stated succinctly, if the discounted interstate rate is a performance measure in the twenty states with higher rates, why is it not a performance measure for states with lower rates?

In order to get an idea of the extent to which the Posner welfare model overstates the traditional measure of economic welfare, I reworked the example the authors employ in chapter 4 of the report. They use a two-region, two-sector model to demonstrate the linkage between the Posner welfare model and the multiregional input-output model. They estimated a total social cost of $351.34 from a 20 percent decline in the price of one good in sector 1. Reworking this same example, I found the welfare

loss to be only 5.05 percent of the Posner welfare measure ($17.76 vs. $351.34) using a traditional welfare model. The supporting calculations are shown in Table 1.

Table 1
Recalculation of Example
in Chapter 4

| Good Area | New Quantity | Old Quantity | Change in Quantity | Change in Price | Traditional Welfare Measure |
|---|---|---|---|---|---|
| 11 | 30 | 24 | 6 | $3 | $9 |
| 12 | 45 | 41.16 | 3.84 | $1.92 | $3.69 |
| 21 | 55 | 54.1 | .9 | $.45 | $.20 |
| 22 | 85 | 81.6 | 4.94 | $1.97 | $4.87 |
| Total | | | | | $17.76 |

Source: Author's Calculations and Chapter 4 pp. 179-184.

The $17.76 welfare loss calculated in Table 1 is 5.05 percent of the $351.34 the authors of the report calculate using the Posner model. The extent to which this is representative of the ratio of the traditional welfare measure to the Posner welfare measure of the $2.363 billion aggregate national savings that the authors estimate is not apparent. I would guess it is close. If one assumes it is representative, the traditional analysis would predict a $144.6 million savings. However, I cannot predict how this might be spread among the states.

As noted, twenty states had LTL rates higher than the discounted interstate LTL rate, while twenty states had rates lower than the discounted LTL rate. I examined whether there was any relationship between discounting and the findings that rates were higher or lower than the discounted interstate rate. Furthermore, I examined whether there was any correlation between discounts and the regulatory ratings presented in the report. To answer these questions I duplicated two pieces of information in the report and compiled information on whether intrastate LTL rates were found to be higher or lower than the discounted interstate rate. This information is presented in Table 2.

The first column of Table 2 has the state's abbreviation in alphabetical order. The second column reproduces information of the regulatory rating found in column 2 of Table 1-4.[3] The third column of Table 2 duplicates column 2 of Table 5-21[4] which indicates whether a state has LTL rates and, if not, whether discounts apply to LTL rates and the amount of the discount. The fourth column of this report summarizes the estimated relationship between intrastate rates and discounted interstate rates. If a state has deregulated rates, it is assumed that deregulation in the other forty states does not change rates in the deregulated states (denoted by "no change"). The "yes" entries indicate that intrastate LTL rates were higher than the corresponding discounted interstate LTL rates while "no" entries indicate the intrastate rate was lower than its interstate counterpart. The entries "w/o discount" indicate the intrastate rates were higher than the discounted interstate rates only when the discounts were not used. This table discloses some interesting findings.

As noted, the first question I asked was whether discounting had a significant impact on whether intrastate rates were found to be higher than the discounted interstate rate. I believe the answer to this question is yes. Of the twenty states with rates higher than the discounted interstate rate, eleven had no provision for discounting, while the other nine had discounts less than the 40 percent discount applied to interstate LTL rates. Of the twenty states with LTL rates lower than the discounted interstate rate, three states had lower rates whether or not the discount was considered or not, while seventeen states had LTL rates lower than discounted interstate rates only when the discount was considered. Of these seventeen states, four states had discounts larger than 40 percent, and twelve had discounts less than the 40 percent interstate discount. (The remaining state, Nebraska, had a contradiction in the information contained in the report. Referring to Table 2, column 3 indicates that discounts are not allowed, while column 4 indicates the intrastate LTL rates were lower when the discount was applied. The report did not offer any other information to reconcile this apparent contradiction.) In summarizing this information, 55 percent of the states with rates higher than the

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[3] Table 1-4 pages 18-20 of the report. No definitions of the terms "strict," "limited," or "very little" control are given in this report. The rating based on data collected by Daniel Baker, "State Regulatory Activity and Federal Preemption," 21st Transportation Law Institute, pp. 83-95, 1988.

[4] Pp. 217 of report.

TABLE 2

| State | Regulatory Rating | Estimated Discount | Price Higher Than Increase |
|---|---|---|---|
| AK | NONE | DEREGULATED | NO CHANGE |
| AL | STRICT | NO DISCOUNT | YES |
| AR | LIMITED | 30.0% | W/O DISCOUNT |
| AZ | NONE | DEREGULATED | NO CHANGE |
| CA | STRICT | 00.0% | W/O DISCOUNT |
| CO | LIMITED | 47.5% | W/O DISCOUNT |
| CT | LIMITED | 30.0% | W/O DISCOUNT |
| DC | NO RATING | NOT IN STUDY | – |
| DE | NONE | DEREGULATED | NO CHANGE |
| FL | NONE | DEREGULATED | NO CHANGE |
| GA | STRICT | 30.0% | YES |
| HA | STRICT | NOT IN STUDY | – |
| IA | LIMITED | 30.0% | YES |
| ID | LIMITED | 20.0% | W/O DISCOUNT |
| IL | STRICT | 0.0% | YES |
| IN | VERY LITTLE | 40.0% | W/O DISCOUNT |
| KS | LIMITED | 32.5% | W/O DISCOUNT |
| KY | LIMITED | 30.0% | YES |
| LA | STRICT | NO DISCOUNT | YES |
| MA | VERY LITTLE | NO DISCOUNT | YES |
| MD | VERY LITTLE | 45.0% | W/O DISCOUNT |
| ME | NONE | DEREGULATED | NO CHANGE |
| MI | STRICT | 15.0% | W/O DISCOUNT |
| MN | VERY LITTLE | NO DISCOUNT | YES |
| MO | STRICT | 25.0% | W/O DISCOUNT |
| MS | STRICT | NO DISCOUNT | YES |
| MT | STRICT | 22.5% | NO |
| NC | STRICT | 25.0% | W/O DISCOUNT |
| ND | VERY LITTLE | 17.5% | W/O DISCOUNT |
| NE | STRICT | NO DISCOUNT | W/O DISCOUNT |
| NH | VERY LITTLE | NO DISCOUNT | YES |
| NJ | NONE | DEREGULATED | NO CHANGE |
| NM | STRICT | NO DISCOUNT | YES |
| NV | STRICT | NO DISCOUNT | YES |
| NY | LIMITED | 30.0% | YES |
| OH | VERY LITTLE | 40.0% | W/O DISCOUNT |
| OK | STRICT | NO DISCOUNT | YES |
| OR | STRICT | NO DISCOUNT | NOT USED |
| PA | STRICT | 30.0% | YES |
| RI | STRICT | NO DISCOUNT | YES |
| SC | STRICT | 25.0% | W/O DISCOUNT |
| SD | VERY LITTLE | 15.0% | YES |
| TN | VERY LITTLE | 22.5% | W/O DISCOUNT |
| TX | STRICT | 30.0% | YES |
| UT | VERY LITTLE | NO DISCOUNT | NO |
| VA | LIMITED | 20.0% | W/O DISCOUNT |
| VT | NONE | DEREGULATED | NO CHANGE |
| WA | STRICT | NO DISCOUNT | YES |
| WI | NONE | DEREGULATED | NO CHANGE |
| WV | STRICT | 22.5% | YES |
| WY | LIMITED | NO DISCOUNT | NO |

interstate rate did not allow discounting, while 45 percent had discounts less than the interstate discount of 40 percent. Of the seventeen states allowing discounting and having lower LTL rates when the discount is applied, 71 percent had a discount less than the interstate discount, while 23 percent had a larger discount. Recall also that three states had rates lower than the interstate LTL rate outright and one state did not allow discounting while the other two had discounts less than 40 percent. Consequently, it is not clear that level of the discount had a significant effect on the price relationships between intrastate LTL rates and discounted interstate LTL rates. It is, however, clear that the existence of discounts did have an effect on the relationship.

The second question I asked was whether there is a correlation between the discounting schemes and the regulatory rating. I found some correlation here. Of the twenty states with higher LTL rates, 65 percent were rated as "strict," 20 percent as "limited," and 15 percent as "very little." When the existence of discounting schemes was considered, the strict rating skews toward states not allowing discounting. Of the eleven states with higher rates that did not allow discounts, eight states or 73 percent were rated as strict. The remaining nine states with higher rates and having discounts less than the 40 percent interstate discount, five states were rated as strict, another five states rated as limited, and one state as very little. Apparently one of the criteria for the rating was the existence of discounting schemes.

When the states with intrastate LTL rates lower than the discounted interstate rates were examined, no particular correlation could be found as the ratings were evenly spread across the strata.

In conclusion, the Posner welfare model has a significant impact on the path of the analysis taken by the authors and has a profound and substantive impact on the quantitative results. If the assumptions of the Posner welfare model can not be shown to hold in intrastate LTL markets, then a welfare gain of about $150 million is more likely than the $2.863 billion reported by the authors. Furthermore, the Posner welfare model leads to an asymmetric treatment of states with rates lower than the discounted interstate rate. If the public interest theory of regulation has any validity, one could hypothesize that regulation is holding rates below the discounted interstate rate. If this is the case, the $150 million welfare gain I estimated would be offset by welfare losses in these other states. The simple fact that there are twenty states with LTL rates lower than the discounted interstate LTL rates and twenty state with rates above the discounted interstate rate is information that merits further investigation. As my brief

analysis demonstrates, the existence of discounting schemes is important, while the level of the discount has little effect.

**Static versus Dynamic Models**

The model in the report is a static model. This means that all effects of deregulation and deregulation are assumed to occur instantaneously and nothing else in the economy changes. Dynamic models seek to incorporate more information on the adjustment to a new equilibrium position by including variables or modelling change in the process in such a way that the predictive power of the estimate is improved. In choosing a static model rather than a dynamic model, it is important to recognize the limitations of this analysis and appropriately qualify the results. In the case of this report, the assumption that deregulation occurs instantaneously in forty states and the economy instantaneously adjusts to a new equilibrium means that both the $2.863 billion annual figure the authors calculate and the $150 million I computed probably overstate the annual effect of regulation.[5]

In summary, the model used by the authors has limitations not recognized explicitly in the report. The assumptions that all forty states deregulated simultaneously and that the economy instantaneously adjusts are obviously unrealistic. I would note however, that the prices the authors are comparing seem to be "apples to apples," and the static multiregional input-output model is a respectable research tool.

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[5] Recall that I pointed out that the asymmetric treatment of states with lower rates makes even the $150 million somewhat further suspect.

**Resolution on the Amendment of the Uniform Motor Carrier Standards**

**WHEREAS**, The Congress in 1965 enacted Public Law 89-170 (49 U.S.C., Sec. 11506) authorizing State agencies to require interstate motor carriers to register their operations under the Uniform Motor Carrier Standards developed by the National Association of Regulatory Utility Commissioners (NARUC) and promulgated by the Interstate Commerce Commission (ICC) [49 C.F.R., Part 1023]; and

**WHEREAS**, The P.L. 89-170 Program permits State agencies to require registration of an interstate carrier's operating authority issued by the ICC, its current insurance status and its designated local agent for the service of legal process; and

**WHEREAS**, The States are permitted to collect a one-time registration fee of up to $25 per carrier, and an annual fee of up to $10 per vehicle for registration renewal -- a form of user fee consistent with recent legislation enacted by the Congress and supported by the Administration to fund Federal regulatory programs; and

**WHEREAS**, Such fees generate over $55 million in annual revenues nationwide for the thirty-nine States now participating in this Program, which use these funds to enforce ICC operating authority requirements, insurance coverage, designation of local agents for service of process, and safety of operation; and

**WHEREAS**, The Congress and the American people have expressed continuing concern about motor carrier safety, which according to recently issued reports of the Federal Highway Administration, has not improved in recent years despite substantial State and Federal spending on safety enforcement, including grants to the States under the Motor Carrier Safety Assistance Program (MCSAP); and

**WHEREAS**, The American Trucking Associations, Inc. (ATA) has requested that the NARUC amend the Uniform Motor Carrier Standards to substitute carrier for vehicle registration, eliminate cab cards and State stamps evidencing compliance with the Standards, reduce State fees collected for the administration of the Standards, and use all fees collected for motor carrier purposes; now, therefore, be it

**RESOLVED**, That the National Association of Regulatory Utility Commissioners, convened in its 102nd Annual Convention in Orlando, Florida, determines, with respect to the Uniform Motor Carrier Standards, that:

(1) The Committee on Transportation shall investigate the feasibility of substituting carrier for vehicle registration;

(2) The Committee on Transportation shall investigate the

feasibility of eliminating cab cards and State stamps, and if other means are found to assure compliance with the Standards and the collection of State fees, the cab cards and State stamps should be eliminated after a three-year transition period to afford an opportunity for State law changes;

(3) State fees should not be reduced, but should be increased from time-to-time to reflect inflation; and

(4) All State fees collected under the Standards should be used for motor carrier regulatory and safety purposes; and be it further

**RESOLVED**, That the Committee on Transportation shall report its recommendations to the Executive Committee at its 1991 Winter Committee Meeting.

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Adopted by the Executive Committee November 13, 1990

April 3, 1991

**NARUC Proposed Amendments to**
**H.R. 1351, a Bill Proposing the**
**Surface Transportation Assistance Act of 1991**

The National Association of Regulatory Utility Commissioners (NARUC) respectfully requests that H.R. 1351 be amended by:

(1) Striking: lines 17 through 24 on page 265, and lines 1 through 2 on page 266; and by redesignating subsections (b), (c), (d) and (e) on pages 266 through 268 as (a), (b), (c) and (d), respectively;

(2) Striking lines 1 through 4 on page 273; and

(3) Striking lines 12 through 25 on page 273, and lines 1 through 10 on page 274, and inserting in lieu thereof the following:

"Section 11506 of title 49, United States Code, is amended by redesignating subsection (e) as (g) and inserting between subsections (d) and (g) two new subsections to read as follows:

"(e) All fees collected by a State under this section shall be used to carry out the purposes of this section and to enforce Federal and State safety laws governing motor carriers. The use of such fees shall be subject to audit by the Commission or by other federal agency designated by the Commission.

"(f) The national organization, within one year after the effective date of this subsection, shall amend the standards to implement a base State system of annual registration whereby a motor carrier shall register with one State participating in the standards (base State) and thereby satisfy the registration requirements for all States participating in the standards. The motor carrier shall pay the required fees directly to the base State for equitable allocation among all States participating in the standards with respect to the motor carrier. If the national organization shall fail to so amend the standards within such year, the Commission shall so amend the standards within eighteen months after the effective date of this subsection. The standards, whether so amended by the national organization or the Commission, shall become effective three years after the effective date of this subsection."

April 3, 1991

**NARUC Proposed Amendments to**
**H.R. 1064, a Bill Proposing the**
**Safe and Competitive Trucking Act of 1991**

The National Association of Regulatory Utility Commissioners (NARUC) respectfully requests that H.R. 1064 be amended by:

Striking lines 2 through 26 on page 3 and lines 1 through 24 on pages 4 and 5, and inserting in lieu thereof the following:

"Section 11506 of title 49, United States Code, is amended by redesignating subsection (e) as (g) and inserting between subsections (d) and (g) two new subsections to read as follows:

"(e) All fees collected by a State under this section shall be used to carry out the purposes of this section and to enforce Federal and State safety laws governing motor carriers. The use of such fees shall be subject to audit by the Commission or by other federal agency designated by the Commission.

"(f) The national organization, within one year after the effective date of this subsection, shall amend the standards to implement a base State system of annual registration whereby a motor carrier shall register with one State participating in the standards (base State) and thereby satisfy the registration requirements for all States participating in the standards. The motor carrier shall pay the required fees directly to the base State for equitable allocation among all States participating in the standards with respect to the motor carrier. If the national organization shall fail to so amend the standards within such year, the Commission shall so amend the standards within eighteen months after the effective date of this subsection. The standards, whether so amended by the national organization or the Commission, shall become effective three years after the effective date of this subsection."

**PUBLIC LAW 89-170**

The relevant portion of Public Law 89-170, 79 Stat. 648, approved September 6, 1965, amended Subsection (b) of Section 202 of the Interstate Commerce Act and, as recodified by Public Law 95-473, 92 Stat. 1448, approved October 17, 1978, 49 U.S.C., Sec. 11506, reads as follows:

Section 11506. Registration of motor carriers by a State

(a) In this section, "standards" and "amendments to standards" mean the specification of forms and procedures required by regulations of the Interstate Commerce Commission to prove the lawfulness of transportation by motor carrier referred to in section 10521 (a)(1) and (2) of this title by--

(1) filing and maintaining certificates and permits issued to the motor carrier by the Commission;

(2) registering motor vehicles operating under the certificates and permits;

(3) filing and maintaining proof of required insurance coverage or qualification as a self-insurer; and

(4) filing the name of a local agent for service of process.

(b) The requirement of a State that a motor carrier, providing transportation subject to the jurisdiction of the Commission under subchapter II of chapter 105 of this title and providing transportation in that State, register the certificate or permit issued to the carrier under section 10922 or 10923 of this title is not an unreasonable burden on transportation referred to in section 10521(a)(1) and (2) of this title when the registration is completed under standards of the Commission under subsection (c) of this section. When a State registration requirement imposes obligations in excess of the standards, the part in excess is an unreasonable burden.

(c)(1) The Commission shall maintain standards and amendments to standards (A) prepared and certified to it by the national organization of the State Commissions, and (B) prescribed by the Commission. If the national organization determines to withdraw entirely standards prescribed by the Commission, the Commission shall prescribe new standards by the end of the first year after the national organization determines to withdraw the standards.

(2) An amendment to the standards prepared and certified by the national organization and prescribed by the Commission is effective when the amendment is prescribed or at another time as determined by the national organization.

(d) The national organization shall consult with the Commission and representatives of motor carriers subject to the State registration requirement when preparing amendments to the standards. Different amendments may be prescribed for each class of motor carriers as warranted by the differences in the operations of each class.

(e) This section does not--

(1) authorize standards in conflict with regulations of the Commission; or

(2) affect the authority of the Commission to interpret its regulations and certificates and permits issued under section 10922 or 10923 of this title.

(f) All fees collected by a State under this section shall be used to carry out the purposes of this section and to enforce Federal and State safety laws governing motor carriers. The use of such fees shall be subject to audit by the Commission or by other federal agency designated by the Commission.

(g) The national organization, within one year after the effective date of this subsection, shall amend the standards to implement a base State system of annual registration whereby a motor carrier shall register with one State participating in the standards (base State) and thereby satisfy the registration requirements for all States participating in the standards. The motor carrier shall pay the required fees directly to the base State for equitable allocation among all States participating in the standards with respect to the motor carrier. If the national organization shall fail to so amend the standards within such year, the Commission shall so amend the standards within eighteen months after the effective date of this subsection. The standards, whether so amended by the national organization or the Commission, shall become effective three years after the effective date of this subsection.

# SURFACE TRANSPORTATION POLICY PROJECT

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STEERING COMMITTEE
[illegible]

EXECUTIVE COMMITTEE
[illegible]

HOST ORGANIZATION
[illegible]

Testimony of David Burwell, President
Rails-to-Trails Conservancy
on behalf of
Surface Transportation Policy Project
Before the Surface Transportation Subcommittee
House Public Works and Transportation Committee
on the Surface Transportation Assistance Act

April 18, 1991

Mr. Chairman, my name is David Burwell. I am President of the Rails-to-Trails Conservancy (RTC), a nationwide, non-profit membership organization that seeks to preserve the more than 150,000 miles of rail corridor that presently lay abandoned throughout our nation as trails and greenways, and for possible future rail use. We have more than 50,000 members in all 50 states and chapter offices in Pennsylvania, Ohio, Illinois, Michigan, Florida and Washington. As a nation we simply cannot afford to allow this existing system of transportation corridors, constructed at an enormous cost in lives and money (much of it public), to wither away from neglect. We urge you to address this important issue in this reauthorization bill.

I also appear on behalf of the Surface Transportation Policy Project (STPP), a broadly-based network of concerned organizations--including public agencies, non-profits, and private companies--involved in issues of transportation, energy, environment, planning, design and community preservation. RTC is one of more than 100 organizations participating in the STPP with the objective of ensuring federal support for attainment of such national transportation goals as energy security, environmental quality, a strong economy, and enhanced communities.

For the last twenty years the Executive Branch of the federal government has repeatedly advanced proposals to turn back major portions of

federal-aid transportation programs to state and local governments.[1] By and large, these proposals have met with little success in Congress due to (1) state and local opposition to shouldering more of the burden of these programs, and (2) the perception that a broad range of national interests require a strong and continuing federal role in the delivery of transportation services. While Congress has taken specific measures to expand the role of local elected officials in both transportation planning and funding decisions, federal oversight of this program has remained strong.

The Administration proposal before this committee is yet another attempt by the Executive Branch to sharply restrict the federal role in transportation. While containing some initiatives to promote better planning, flexible funding, system preservation, and operational improvements, these initiatives will be under the control of state highway agencies, most of which have demonstrated little historical interest in meeting the real transportation needs of congested urban areas and isolated rural areas. Meanwhile the costs of the system will fall disproportionately on regional and local governments. Mr. Chairman, you yourself have characterized the Administration proposal as "The Shift and the Shaft." We do not dispute this characterization.

In our view, the major failing in the Administration proposal is its unwarranted focus on building systems rather than improving performance. It defines the federal interest in transportation primarily in terms of one system--the National Highway System--and assigns more than 60% of the entire highway program to this one initiative.[2] Under this program the amount of Interstate-Standard highways would quadruple--from 42,500 miles to somewhere between 150,000-160,000 miles, all tied

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[1] An excellent summary of these proposals is an article by Elizabeth Parker, Senior Policy Analyst in the Office of the Secretary of the U.S. Department of Transportation, entitled "Major Proposals to Restructure the Highway Program," Transportation Quarterly, Vol. 45, No. 1 (January 1991) at 55-66.

[2] $43.536 billion is authorized directly for the NHS. Another $7.220 billion is authorized for Interstate Completion, all of which will be included in the NHS. Even a modest amount of the $10.685 billion bridge program, combined with that portion of Interstate substitution dollars assigned to the NHS, will cause total NHS dollars to exceed $53 billion, or 60.9% of total highway authorizations.

together with new connectors, by-passes, and beltways.[3] As for the rest of our transportation system, including urban and rural transit, maintenance of existing urban and rural systems, promotion of non-motorized modes and transportation demand management--that's where "the shift and the shaft" is applied.

We can--and must--do better. We need to enhance the liveability of our cities that must now watch helplessly as their tax base erodes in waves of suburban sprawl. A more sensitive and focused approach to transportation planning and funding is essential. Our national security interest in energy efficiency demands that more attention be paid to total transportation energy demand. Our national interest in environmental quality demands that more attention be paid to integrating transportation, clean air and land use planning, through an enhanced and accountable MPO process, to fight global warming, ozone destruction, air pollution, and habitat loss. And our overriding national interest in economic competitiveness requires much more national attention to urban congestion, rural isolation, a commitment to inter-modalism, and the preservation of choice in consumer selection of transportation services.

These performance standards; (1) enhanced communities, (2) energy efficiency, (3) environmental quality, and (4) economic competitiveness--the "4E's,"--are the standards by which, in the judgment of the STPP participants, transportation programs must be measured. To achieve these goals, the STPP encourages this committee to adopt the following principles for shaping our future surface transportation program:

1. The STAA should ensure that limited federal resources are first directed to preserve and make efficient use

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[3] The Administration has not yet proposed design standards for the NHS and, in discussions, asserts that primary system standards will prevail for that portion of the primary system included in the NHS. However, the Interstate portion of the NHS will qualify for lane additions as "operational improvements" at a 90% federal share, and beltways and by-passes in the NHS serving urbanized areas over 200,000 population must provide for their "ultimate development as multi-lane divided highways with separate roadways for through traffic." Titlt I, Section 102(h). With almost 44,000 miles (the Interstate System) expanding using 90% federal funding, and with beltways and by-passes connecting segments of the NHS designed to super-Interstate standards of divided roadways as well as divided highways, it takes little imagination to calculate the result on the ultimate design of the rest of the system. In order to avoid bottlenecks throughout the NHS where Interstate and non-Interstate segments connect and to encourage free traffic flow, pressure will inevitably mount to build the entire NHS to Interstate standards.

of existing systems before new capacity is provided. Programs should be structured so that these decisions can be made in terms of the most effective means of moving people and goods rather than on the basis of funding availability for any single mode of transportation.

2. The STAA should encourage development of alternative, energy efficient modes of transportation through research, plans, and funding programs. The important relationships among transportation investments, land use patterns, air quality and energy use should be addressed in the planning process and incentives provided for transportation projects that support efficient land use development.

3. The STAA should promote planning and investments developed in harmony with the maintenance and improvement of our air, water and land resources. Transportation plans should be consistent with federal and state plans for resource conservation and historic preservation, including air quality plans and 208 water quality plans, land use and historic preservation plans.

4. The STAA should ensure that the mobility needs of communities are developed in conjunction with other important considerations including affordable housing, access for the elderly and disabled, and linking jobs to the jobless. An increased role for local officials in planning and programming of federal funds is essential to meeting the mobility requirements of urban, suburban and rural communities.

The importance of local and regional participation in the scheduling of project implementation cannot be overstated. Some of the standards outlined above have objective criteria for measurement; such as clean air standards. Some, such as community enhancement, are inherently subjective. Therefore, more participation and accountability at the regional and local levels--where "the rubber meets the road" to use a modal metaphor--must be a cornerstone of the federal-aid transportation program.

Unfortunately, regional and local governments fare poorly in the Administration proposal in both (1) the funding of projects that meet their 4E needs, and (2) the planning function--the authority to tie project funding to specific national and community objectives. Specifically:

A. Highways

The Interstate Highway Program has its boosters and detractors, but one conclusion from a review of the 35-year history of the program is irrefutable: it has hurt central cities. In retrospect, we should have seen it. The new urban arterials constructed under the Interstate Program lead to the creation of "bedroom communities" circling our central cities. However, as suburban population grew, so did the demand for public services: schools, police, fire departments, sewers, streets etc.--far more demand than could be supported by the residential tax base. County governments did whatever was necessary to attract the commercial and retail activity needed to expand the tax base.[4] Enticed by new roads, underserved population centers, relaxed zoning laws and attractive public incentives packages, commerce and industry moved out of our central cities. Lewis Mumford's dire prediction in 1958 that the recently-enacted Highway Act of 1956 would result in "a tomb of concrete roads and ramps covering the dead corpse of the city" has been at least partially verified by experience.[5] A price has been paid.

The Administration's proposal to create a National Highway System (NHS), though superficially logical, is a bad idea. It will perpetuate and exacerbate the unforseen unhappy side effects of the Interstate System--tax base flight, suburban sprawl, urban blight and environmental degradation--while contributing little or nothing to reduced congestion, intermodalism, clean air or economic competiveness.[6] It's primary economic advantage will be to facilitate the movement of big trucks, a mode which already is subsidized at a level of at least 35% of the direct costs they impose on the system, while hurting rail freight.[7] It makes little sense to spend billions of dollars to shift freight

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[4] One popular strategy is "fiscal zoning,"--zoning to maximize tax revenues, not create communities. Ironically, the land use with the capability of yielding the greatest total tax revenue per square foot is the automart--strip-zoned car dealerships and repair services.

[5] Mumford, Lewis, The Highway and the City, (Harcourt, Brace & World, Inc. 1963) at 238.

[6] A major justification for the NHS is that it carries 40% of total traffic on 3% of the total highway system. Yet, this is not the 3% that has the most significant congestion and air pollution problems. Indeed, construction of much of this system was initially justified on the ground that it would solve congestion and pollution problems created by non-Interstate highways.

[7] U.S. Department of Transportation, Federal Cost Allocation Study, May 1982.

transport from a highly under-utilized rail system to a highly-overutilized and subsidized highway system, particularly when the adverse social and environmental side effects are substantial.

The Administration appears to anticipate resistance to its highway-dominated proposal by promoting flexibility among programs. Under the Administration proposal you can switch rather than fight. But closer analysis reveals less of a shift and more of the shaft for regional and local governments. Of the total five-year highway authorization of $87.7 billion, some $65 billion is not transferable to transit. However, of the $16.3 billion allocated for transit, the majority is transferable to highways. And, with decision-making power over transfers resting primarily in state transportation agencies with little or no responsibility for transit you don't have to be a genius to figure out which way the money will flow. This is not a "level playing field" proposal.

The STPP seeks to correct this imbalance. Under our proposal dedicated highway funding would be capped at $36.7 billion--what is necessary to complete and maintain the interstate system, preserve and rehabilitate our bridges, and provide for highways on federal lands and other specialized programs. Dedicated transit funding would be set at $26.6 billion, the minimum necessary to restore the program to 1980 levels. The remainder of the funds--$50 billion--would be truly flexible, to be available for all forms of transportation to serve the needs of the communities in which they are spent. "Truly flexible" means that funds would be made available to all modes on precisely the same terms: 75% for new construction and reconstruction (the "4th R"), 90% for 3R projects and operational improvements.[8] A comparison between the Administration Proposal and the STPP proposal is attached as appendix A.

Just how out of touch Administration funding priorities are with state and local needs is demonstrated by a study of state and local behavior when flexibility is provided in the use of federal highway funds. A good program to analyze such behavior is the Interstate Transfer Program which gave state and local governments the option of using funds for non-essential interstate segments on substitute highway or transit projects. Despite the fact that localities which chose transit often had to

[8] Operational improvements mean non-capital improvements to control VMT growth and improve traffic flow. They include Transportation Demand Management (TDM), Transportation Systems Management (TSM), and Congestion Management Projects. New bicycle and pedestrian projects are also included in this definition. However, it does not include "the 4th R"--Reconstruction, including lane additions. Lane additions and new capacity should be funded at the 75% level with all other new capacity projects.

convince Congress to appropriate funds out of general revenues while substitute highway projects could be funded out of the Highway Trust Fund, of more than $12 billion in interstate transfer funds obligated through FY 1990, fully 48% went to transit programs.[9] Given this clear "market signal" in favor of transit from the recipients of federal transportation assistance, and the strong connection between national energy and environmental objectives and transit services, the sharp federal withdrawal from transit funding proposed by the Administration is a total mystery.

The Administration proposal to combine the Urban and Rural Programs into one pot under the control of state transportation agencies is also deficient:

First, at $22.2 billion over five years it is grossly underfunded. In addition, with reduced federal share of 60% the opportunity for state and local government to take advantage of this program is greatly reduced. The greatest share of federal transportation assistance should be assigned to this program for the simple reason that this is where the real problems are located.

Second, it is not clear that metropolitan and rural areas should be asked to compete for the same funds; their needs are different and they should each be given control over their own transportation destinies.

Third, more control over planning and project funding must be delegated by the states to the areas most directly affected.

Fourth, the program should provide clear incentives to take care of the existing system before funding new capacity. On this point the Administration bill does make some good suggestions. For example, it would require that urban areas over 200,000 prepare Congestion Management Plans (CMPs) and implement these plans before projects providing significant new capacity. It also establishes a "Metropolitan and Rural Innovative Bonus Project" program in areas over 200,000 population or rural areas. This bonus program would increase the obligation ceiling for such projects if they addressed problems of congestion or air quality. Our main objection is the limitations on eligibility contained in the bill. If reducing congestion, cleaning up the air, and increasing operational efficiency is a good idea, why not qualify all geographic areas for such programs?

The STPP proposes to significantly increase assistance to our urban and suburban areas by authorizing $34.5 billion for a

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[9] The figures through FY 1990 are $6.306 billion for highways, $5.923 billion for transit. See Appendix B.

Metropolitan Mobility program. In addition, a separate Rural Access program would assign $15.5 billion to our rural areas. All new capacity on any system would be funded out of these two programs and would compete with all other possible uses of such funds on equal terms: 75% for new capacity and 90% for 3R and management improvements. This is a truly level playing field approach to transportation investments.

B. Transit

Transit, including buses and paratransit services in rural areas, take a big hit in the Administration proposal. While there is a nominal increase of 3% in authorizations (from $3.2 Billion to $3.3 billion per year), the actual transit share of total federal surface transportation capital and operating assistance declines over the life of the program. Whereas in 1982 transit represented 30% of total federal surface transportation assistance, under the Administration proposal it falls to 17% in FY 1992 and further to 15% by FY 1996. Yet transit is the mode with the highest ability to promote national objectives such as clean air and energy security while unclogging our streets and arterial highways. It makes absolutely no sense to withdraw federal assistance from transit programs just when our national commitment to clean air and energy security takes a seat in the front rank of our national policy objectives.

More than 50% of all Americans now live in urban and suburban areas of greater than one million total population. Here is where the majority of our transportation needs--and transportation-related social and environmental problems--are located. A study of local transportation referenda in these areas reveals a sharply different funding profile than is offered by the Administration's proposal. In recent referenda in Houston, Dallas, Portland (Ore.), San Diego and San Francisco, the lowest amount of total revenues approved for transit was 33% in San Diego. In last June's statewide transportation referendum in California fully 45% of total receipts qualify for transit use.[10] The argument that these results demonstrate that transit is a local issue that will be supported by those who directly benefit is wrong-headed. It is in these same areas that the problems of congestion, air pollution, and lack of choice (economic efficiency) are greatest. The same people who are paying the highway taxes are voting for more transit.

Our concern over the Administration's proposed transit funding levels is magnified by it's proposed transit funding

[10] Of the $16.5 billion 10-year program, $7.5 billion qualifies for transit use. In addition, referenda totalling $1 billion each for rail transit will be presented to the voters in 1992 and 1994.

strategy. Under the Administration proposal all transit funding comes out of the mass transit account of the Highway and Mass Transit Trust Fund--not general revenues. Over the life of the administration's bill, the mass transit fund would be virtually exhausted. Yet the Administration proposal makes no provision to replenish that account to fund transit programs beyond FY 1996. We strongly urge the Committee to retain funding for the Section 9 formula grant program out of general revenues at its present level of $2.0 per year ($10.0 billion over the life of the Act) while retaining support for the transit program from the Trust Fund at the administration's proposed level of $16.318 billion over five years. This would bring total transit funding to a minimum of $26.6 billion. In addition, we support increased funding for the rural and small urban programs and the elderly and handicapped program.

C. Planning

Planning is another big defect in the administration proposal. While the Administration bill qualifies all federal assistance to be used for planning, the decision to do so remains with the states--not the metropolitan areas that are in most need of planning funds. We recommend (1) that Metropolitan Planning (PL) assistance be increased from 0.5% to 1.5% of total apportionments, (2) that Highway Planning and Research (HPR) assistance be increased to 2.0% of total apportionments, and (3) that planning assistance for the transit program be increased to 1.5% of transit trust fund apportionments. Moreover, more control over planning funds must be delegated from the states to regional and local planning agencies.

But planning, to be effective, must be connected to project funding. It is not. Projects endorsed by regional Metropolitan Planning Organizations (MPOs) and included in their Transportation Improvement Plans (TIPs) are regularly ignored by state highway and transportation agencies in developing statewide funding priorities.

A study of state apportionments for all highway programs in comparison to actual obligations for FY 1987-FY1990 reveals how grossly regional and local needs are being ignored by the majority of state transportation agencies. For this four-year period actual obligations for the major programs--Interstate, Interstate 4R and Primary Programs--averaged 105% of program apportionments.[11] At the same time only 82% of Federal Aid Urban apportionments were obligated, and obligations under the Secondary (rural) program amounted to only 76% of total apportionments.

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[11] The actual figures are 118% for Interstate projects, 102% for Interstate 4R projects, and 96% for primary projects.

There is much talk in transportation circles about "freeing the highway trust fund," meaning that the federal government must draw down the unobligated balance in the fund by increasing total authorizations. Certainly, more funding for our deteriorating transportation infrastructure is needed. But, as that is done, equal concern must be given to assigning these funds where they are most needed. Presently, states are starving the cities and communities that need funds to deal with congestion, dirty air, lack of mobility, and deteriorating roads and bridges while overfeeding programs that increase capacity on the major arterial systems. Yet, as they do so, they simply generate more traffic, more pollution, and more deterioration of the urban and local support system.

This must stop. Cities and suburban communities must have more control over federal-aid transportation funding. The STPP proposes that regional, accountable agencies develop TIPs that (1) are resource constrained, and (2) implement state and national performance-based transportation objectives. States would then be required to base their state transportation plans on these TIPs and schedule projects for implementation on the basis of these plans. In this fashion control over project selection and scheduling would be shared between local, regional and statewide agencies and would be performance-based, meaning they would be designed to meet measurable objectives such as clean air, reduced congestion, and community enhancement.

But this is not what is proposed. Instead, the Administration bill places control of urban and rural funds at the state level and delegates all environmental and other oversight responsibilities to these same agencies. States will be able to simply certify that they have done everything they can to avoid using parks, wildlife refuges, historic properties or wetlands for transportation projects with "minimal" (the term used by the Administration) supervision. Regional and local agencies that are under legal obligation to meet national clean air goals through improved transportation planning and funding must go--hat in hand--to state agencies for the necessary funding. This simply won't work.

D. Other Provisions

The STPP participants also wish to go on record in opposition to two finance-related provisions in the Administration bill:

First, 70% of the NHP apportionment formula and 100% of the urban/rural apportionment formula is based on fuel use: the more fuel consumed the greater the state apportionment. This is not the way to encourage energy conservation. A formula that provides incentives for fuel conservation while meeting the "85%

rule" for redistribution of funds back to the states must be developed.

Second, with almost 40% of our highways and bridges in below-standard condition, and transit needs expanding far faster than our ability to finance these needs, the Administration's proposal to eliminate five cents from the federal gas tax in FY 1996 makes no sense. As a nation we are not paying the full costs of transportation on a pay-as-we-go basis. We are consuming now and letting future generations pay the consequences in poor health, deteriorating infrastructure, polluted air, global warming, ozone destruction and many other externalized costs of transportation. We are also crippling our economy; witness the high productivity rates of countries that impose gas taxes in the area of $1.00-$2.00 per gallon. No reduction in the federal gas tax should be considered in this bill.[12]

While the STPP participants have many serious problems with the Administration Bill, we do want to give credit for action taken in two important areas: Billboards and Scenic Byways/Scenic Easements. The STPP participants support the Administration's proposal to defer to state law in the area of billboard control, and to qualify billboard removal for federal assistance. We also support qualification of scenic easements and development and improvement of scenic byways for federal funding. While the Administration bill proposes a special set aside for scenic byways out of the urban/rural program, we suggest applying this set aside requirement to total apportionments and qualifying a wide array of transportation enhancement activities for federal funding as well, such as:

existing section 138 enhancement set aside funding that is now funded under program);

--demonstration projects to encourage design excellence in the construction, rehabilitation and use of transportation facilities;
--rehabilitation of historic transportation structures;
--preservation of abandoned rail corridors and their conversion to pedestrian, equestrian and bicycle trails;
--construction and maintenance of pedestrian and bicycle ways;
--archeological planning and research;
--acquisition of scenic, recreational and historic areas or

[12] An excellent book on the benefits of gas taxes is Gas Tax Advantages by Dr. Ernest J. Oppenheimer, Ph.D. (Pen & Podium Press, 1986). A list of 15 reasons to increase gas taxes summarized by Dr. Oppenheimer is attached as Appendix C. We encourage this committee to give close study to the gas tax issue.

easements; and
--control and removal of billboards;

In addition, we would prohibit the cutting of trees on federal-aid highways for the sole purpose of increasing billboard visibility.

Finally, I would like to end by putting on my Rails-to-Trails Conservancy hat and address the problem I outlined in the outset of my testimony: preservation of our national system of unused rail corridors. It would be a national tragedy if we let this system disappear just at the time that the value of preserving existing transportation corridors intact is increasingly obvious. The Administration proposal does provide for 100% federal funding for bicycle and pedestrian trails under Title 23 in conjunction with highway rights-of-way. We request three improvements to encourage the preservation of our built rail system for trails, and for possible reconversion to rail use:

First, add the phrase "or unused railroad rights-of-way" as eligible for Title 23 funding. This would make it clear that any rail-trail project qualifies for funding under Title 23 as long as it serves a transportation purpose.

Second, we ask that Section 203(d) of Title I, which requires states acquiring a right-of-way to actually build a highway within 20 years or reimburse the federal government for its share of the cost, be amended to provide that states acquiring abandoned railroad corridors for future transportation uses can "railbank" them indefinitely as trails. This would give states an incentive to acquire abandoned rail corridors under Title 23 without fear of this penalty.

Third, we request that Section 303(j) of Title I be amended to delete the word "major" in the description of non-motorized transportation routes that could not be severed by a Title 23 project without providing a reasonable alternative route. We also ask that this sentence be amended to clarify that underpasses or overpasses shall be included in the project at the request of the non-motorized trail manager, and shall be eligible for federal assistance at the 100% federal rate provided for other bicycle and pedestrian facilities under Section 314 of Chapter 3 (Section 106), Title I.

The time for transportation reform has arrived. The STPP represents more than 100 organizations, each of which stands ready to work with this committee to develop a new Surface Transportation Assistance Act that serves the needs of all Americans. A performance-based program that focuses on the 4Es--energy efficiency, economic competitiveness, environmental quality and enhanced communities--is, in our judgment, a long

first step in the right direction.

That concludes my remarks. Our full proposal is attached and I would be happy to answer any questions you may have about it. Thank you.

Appendix A

## SURFACE TRANSPORTATION ASSISTANCE ACT
## 5-YEAR FUNDING (in Billions)

### Surface Transportation Policy Project (STPP) Proposal:

| Program | Funding | Federal Share |
|---|---|---|
| Highway Account | | |
| Interstate 3R | 14.2 | 90 |
| Bridge | 12.166 | 90 |
| Interstate Completion | 7.220 | 90 |
| Interstate Substitution | .960 | 85 |
| Other Highway | 2.179 | 75/100 |
| Metropolitan | 34.5 | 75/90 |
| Rural Access | 15.5 | 75/90 |
| Transit Account | 26.618** | 75/90 |
| Total* | 113.343 | |

### Department Of Transportation (US DOT) Proposal:

| Program | Funding | Federal Share |
|---|---|---|
| Highway Account | | |
| National Highway System | 43.536*** | 75/90 |
| Bridge | 10.685 | 75 |
| Interstate Completion | 7.220 | 90 |
| Interstate Substitution | .960 | 85 |
| Other Highway | 2.179 | 75/100 |
| Urban/Rural | 22.245 | 60 |
| Transit Account | 16.318*** | 60 |
| Total* | 103.143 | |

NOTES:

*Neither table includes Title II Highway Safety Program funds. However, the STPP proposal reduces Title I Highway funds by $100 million and increases the Title II funding proposed by US DOT by $100 million.

**The $26.6 billion transit program is proposed as a minimum level; we would seek additional revenues for operators to be able to meet air quality and Americans with Disabilities Act requirements.

***Up to $6.5 billion of the NHS could be transferable to the Urban/Rural Program with a 60 percent share. The majority of transit funds would be flexible under the Administration proposal.

US Department of Transportation
Federal Highway Administration

# Memorandum

Appendix B

Washington, D.C. 20590

Subject: Status of Interstate System Withdrawals and Substitution Under 23 U.S.C. 103(e)(4) as of September 30, 1990

Date: DEC 8 19xx

From: Chief, Federal-Aid and Design Division

Reply to Attn of: HNG-13

To: Regional Federal Highway Administrators

Two summaries of information through September 30, 1990, relating to Interstate System withdrawals and substitution under 23 U.S.C. 103(e)(4) are attached for your information. The first listing is a summary of withdrawal actions to date. The second listing summarizes, for each withdrawal area, the base costs, the withdrawal values after deducting obligations, the amounts obligated for substitute mass transit and highway projects, and the total amounts made available.

A column, entitled "Reserved Transit Amount," is included in the second listing. This column represents the additional transit withdrawal value distributed in accordance with Section 103(c) of Public Law (PL) 100-17. The additional $100 million was distributed using apportionment factors contained in revised Table 4 of House Committee Print 100-2. This additional withdrawal value is considered to be reserved for transit obligations. Accordingly, transit obligations after the date of enactment of PL 100-17 (April 2, 1987) will be continually deducted from the reserve column until that column is depleted.

Copies of the status report have been sent directly to all FHWA Division Offices for States with approved withdrawals. The summaries are mailed to you on a quarterly basis. Please contact the Interstate and Program Support Branch, Federal-Aid and Design Division, if you find discrepancies between the Headquarters' records and your records.

L. A. Staron

L. A. Staron

Attachments

ATTACHMENT II
RMG-13
13-Dec-90

Interstate Substitution Funding Under 23 U.S.C. 103(e)(4), As of 9/30/90

| State (Withdrawal Area) | Base Costs | Value After Deducting Obligations: Reserved Transit Amount | Value After Deducting Obligations: Withdrawal Value | Value After Deducting Obligations: Total | Substitute Project Obligations: Highway | Substitute Project Obligations: Mass Transit | Total Amounts Being Made Available |
|---|---|---|---|---|---|---|---|
| Arizona (Tucson) | 29,163,101 | 0 | 0 | 0 | 67,561,359 | 1,133,883 | 68,695,242 |
| California (Sacramento) | 57,737,509 | 0 | 329,619 | 329,619 | 0 | 96,082,042 | 96,411,661 |
| California (San Francisco) | 54,262,208 | 4,700,246 | 82,696,546 | 87,396,792 | 5,411,575 | 3,593,097 | 96,401,464 |
| Colorado (Denver) | 153,229,348 | 0 | 82,330 | 82,330 | 245,379,231 | 18,368,433 | 263,829,994 |
| Connecticut (Bolton to Killingly) | 344,616,200 | 25,000 | 277,527,273 | 277,552,273 | 127,211,523 | 142,715 | 404,906,511 |
| Connecticut (Hartford-New Britain) | 336,158,100 | 0 | 126,788,008 | 126,788,008 | 486,799,706 | 45,175,225 | 656,753,939 |
| District of Columbia (Washington) | 1,478,723,700 | 394,000 | 54,560,304 | 54,954,304 | 179,229,033 | 1,963,476,491 | 2,197,659,829 |
| Georgia (Atlanta) | 96,361,200 | 0 | 31,456,804 | 31,456,804 | 81,125,840 | 0 | 112,582,644 |
| Illinois (Chicago) | 1,464,270,200 | 0 | 113,645,782 | 113,645,782 | 1,615,964,972 | 847,359,142 | 2,576,969,896 |
| Indiana (Indianapolis) | 52,550,200 | 0 | 15,251,421 | 15,251,421 | 57,226,896 | 15,005,332 | 87,583,649 |
| Iowa (Waterloo) | 189,158,400 | 622,020 | 67,937,622 | 68,559,642 | 245,806,262 | 1,303,144 | 315,769,048 |
| Maryland (Baltimore) | 868,409,100 | 0 | 239,288,047 | 239,288,047 | 479,793,761 | 328,642,413 | 1,047,724,221 |
| Maryland (Bowie to Hillersville) | 80,083,700 | 0 | 45,647,343 | 45,647,343 | 48,160,267 | 0 | 93,807,610 |
| Maryland (Washington) | 77,237,100 | 0 | 6,034,125 | 6,034,125 | 2,230,785 | 146,169,200 | 154,434,110 |
| Massachusetts (Boston) | 637,708,300 | 0 | 32,334,767 | 32,334,767 | 64,284,679 | 1,441,403,939 | 1,538,023,385 |
| Massachusetts (Fall River to Providence) | 12,183,300 | 0 | 3,781,250 | 3,781,250 | 10,050,956 | 458,031 | 14,290,237 |
| Minnesota (Duluth) | 46,672,400 | 0 | 693,121 | 693,121 | 67,482,536 | 6,342,000 | 74,517,657 |
| Minnesota (Minneapolis-St. Paul) | 71,162,900 | 0 | 5,111,404 | 5,111,404 | 113,988,445 | 2,880,814 | 121,980,663 |
| Nebraska (Omaha) | 47,022,300 | 0 | 0 | 0 | 76,269,887 | 1,999,999 | 78,269,886 |
| New Jersey (New York City) | 108,716,400 | 0 | 15,887,779 | 15,887,779 | 76,539,236 | 92,210,092 | 184,637,107 |
| New Jersey (New York City to Trenton) | 210,881,700 | 0 | 124,920,533 | 124,920,533 | 101,134,794 | 20,489,198 | 246,544,525 |
| New Jersey (Philadelphia) | 71,236,700 | 0 | 0 | 0 | 95,940,661 | 22,800,000 | 118,740,651 |
| New York (Albany) | 35,178,300 | 0 | 137,107 | 137,107 | 52,963,581 | 6,140,876 | 59,241,564 |
| New York (New York City) | 1,726,695,000 | 0 | 965,023,677 | 965,023,677 | 670,320,993 | 240,902,118 | 1,076,246,788 |
| Ohio (Cleveland) | 147,860,100 | 0 | 40,004,881 | 40,004,881 | 188,391,722 | 34,515,400 | 262,912,003 |
| Oregon (Portland) | 269,437,181 | 16,822,393 | 42,625,115 | 59,457,508 | 306,773,082 | 151,519,097 | 517,750,687 |
| Oregon (Salem) | 32,488,772 | 0 | 0 | 0 | 56,844,885 | 0 | 56,844,885 |
| Pennsylvania (Philadelphia) | 230,139,000 | 0 | 1,551,455 | 1,551,455 | 132,891,441 | 344,694,436 | 480,137,231 |
| Pennsylvania (Pittsburgh) | 39,549,000 | 0 | 1,149,426 | 1,149,426 | 64,827,577 | 0 | 65,976,003 |
| Rhode Island (Providence) | 591,042,600 | 0 | 225,326,317 | 225,326,317 | 493,323,174 | 18,821,320 | 647,280,711 |
| Tennessee (Memphis) | 171,629,100 | 0 | 110,221,906 | 110,221,906 | 156,801,990 | 30,599,457 | 287,583,353 |
| Virginia (Washington) | 58,239,900 | 0 | 0 | 0 | 26,449,582 | 51,725,056 | 78,174,638 |
| TOTAL | 9,779,933,320 | 22,563,659 | 2,630,133,861 | 2,652,697,520 | 6,306,030,322 | 6,923,032,950 | 14,882,560,792 |

NOTES:

1. All amounts are in Federal funds.
2. The "Base Costs" column represents the cost of the withdrawn routes as they were reported in the Estimate applicable to the specific action.
3. Remaining withdrawal values were computed in accordance with 23 U.S.C. 103(e)(4), as amended by Section 107(c) of the 1982 STAA.
4. The "Total Amounts Being Made Available" column is the sum of the "Total" column plus obligations through the current quarter.
5. The "Reserved Transit Amount" column represents the additional transit withdrawal value added by Section 103(c) of Pub. L. 100-17. The column also includes, in Portland, $16,366,223 made available by the withdrawal of eligible Interstate lanes under Section 142 of the 1987 STURAA. Transit obligations after April 2, 1987, are deducted from this column first to assure these portions of withdrawal values are used for transit purposes. Obligations used towards the Portland substitute project associated with the Section 142 withdrawal will be deducted from Portland's "Reserved Transit Amount."
6. Project substitute obligation figures reflect net obligations to date, that is, total obligations less total deobligations.

# Gasoline Tax Advantages

by Ernest J. Oppenheimer, Ph.D.

From the Foreword by **Dr. Lester C. Thurow**, Professor of Management and Economics, Massachusetts Institute of Technology:

"If one is serious about curing America's federal budget deficit or its international trade deficit, gasoline taxes have a very high place, perhaps the highest, on any list of possible solutions. . . .

*Gasoline Tax Advantages* by Ernest J. Oppenheimer gives us a comprehensive summary of the pros and cons of gasoline taxes and the pros clearly dwarf the cons.

The economic case for a gasoline tax is clear and made even clearer by Dr. Oppenheimer."

ISBN 0-9603982-5-2

# GASOLINE TAX ADVANTAGES

- ☑ Strengthens energy security
- ☑ Reduces federal budget deficits
- ☑ Lowers interest costs
- ☑ Improves foreign trade balance
- ☑ Boosts automobile business
- ☑ Stimulates natural gas industry
- ☑ Assists domestic petroleum producers
- ☑ Creates more jobs
- ☑ Provides for fairness to poor
- ☑ Restores soundness to U.S. economy
- ☑ Helps clean the environment
- ☑ Avoids pitfalls of oil import tax
- ☑ Excels all other government options
- ☑ Fosters statesmanship in policy making
- ☑ Serves the best interests of Americans

**Ernest J. Oppenheimer, Ph.D.**

45-155 O—91—43

responsible for the federal deficit. The president can blame the congress, the congress can blame the president, the Democrats can blame the Republicans, the Republicans can blame the Democrats, oil patch representatives can blame rust belt representatives, rust belt representatives can blame farm state senators. Each elected politician can promise to deliver to his district what it would most desire, fail to deliver on the promise in Washington, yet get re-elected on the grounds that he is working hard to get the rest of Washington to see the wisdom of his platform. Failure and unrealistic promises are seldom punished.

Part of the problem lies with an administration that does not believe that a big federal deficit or a big trade deficit is a problem. In their view given time the market will by itself cure the trade deficit (lending will eventually stop, the dollar will go down, and American exports will expand while imports fall) and the large federal deficit has not led to a disaster (the crowding out so confidently predicted by the critics in early 1981 has not occurred). What this analysis ignores is the nature of the problems created by the trade and federal budget deficits. Neither produces a crisis; both produce a long run hemorrhaging of economic potential.

Federal budget deficits represent negative savings. Funds that could otherwise be used for investment have to be borrowed to finance public consumption. As long as this money can be borrowed from abroad there is no immediate crowding out of investment. What there is is a growing international indebtedness that will at some point in the future lead to a reduction in the American standard of living. Every $40 billion owed to the rest of the world in annual interest payments means one percent less of the GNP available to be divided among Americans. Problems may be serious without being crises.

The economic case for a gasoline tax is clear and made even clearer by Ernest Oppenheimer. The question then becomes how can Americans be made to clearly see that their long run self interest is served by imposing a gasoline tax upon themselves?



## Summary

Unsound government policies in relation to energy, taxes, and budgets have undermined the U.S. economy. Currently, the nation's wealth is being dissipated to pay for budget deficits and foreign trade imbalances totaling more than $1 billion a day. To rectify this alarming situation, it is recommended that the federal gasoline tax be increased by 25 cents a year until it reaches $1 per gallon, a level similar to that prevailing in other industrial countries.

The gasoline tax would have the following advantages:

**(1) It would strengthen energy security.** The more than 130 million automobiles registered in the U.S. consume over 6.5 million barrels of gasoline each day. It is estimated that the proposed gasoline tax would gradually reduce consumption by one million barrels a day, thereby lessening dependence on oil imports.

**(2) It would reduce federal budget deficits.** Over a ten year period following enactment of the tax, the U.S. Treasury would collect an estimated $750 billion. Most of these funds would reduce federal budget deficits.

**(3) It would lower interest costs.** The sharp reduction in federal borrowing requirements which would follow in the wake of the gasoline tax would have a salutary effect on interest rates. It is estimated that interest costs would drop by about two full percentage points. Interest savings by all borrowers would eventually reach $160 billion annually on the $8 trillion total debts outstanding. The federal government alone would save about $40 billion a year on interest payments, thereby further reducing budget deficits.

**(4) It would improve the U.S. foreign trade balance.** The U.S. competitive position in the international marketplace has been handicapped by excessive business taxes and interest costs. Major competitors, such as West Germany and Japan, rely heavily on consumption taxes, notably on gasoline, to reduce budget deficits, interest rates, and taxes on business. The U.S. would be well advised to emulate these policies. The gasoline tax would be an important step



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in the right direction.

**(5) It would boost the automobile business.** The gasoline tax would provide strong incentives for millions of car owners to switch to fuel-efficient vehicles. To meet this demand, the automobile industry would be operating at full capacity for years to come. Suppliers to automobile manufacturers, such as producers of steel, aluminum, plastics, chemicals, tires and electrical equipment would also enjoy increased business.

**(6) It would stimulate the natural gas industry.** Lower interest costs would benefit all capital-intensive industries, including natural gas producers, pipelines, and utilities. The natural gas industry would also gain from increased demand by industrial customers. Compressed natural gas (CNG), which should be exempt from fuel taxes, would find increased acceptance as a vehicular fuel. This development would stimulate demand for domestically produced natural gas.

**(7) It would assist domestic petroleum producers.** The comments that were made about natural gas also apply to petroleum producers, who produce both oil and natural gas. Any stimulation in demand for natural gas will boost the income of domestic petroleum producers. Lower interest costs would be helpful to oil companies, which depend heavily on borrowed funds. Finally, some of the proceeds from the gasoline tax could be utilized to put a realistic floor under domestic oil prices and/or to expand the Strategic Petroleum Reserve to include domestic oil resources for future use.

**(8) It would create more jobs.** The improved competitiveness of U.S. industry, the increased demand for fuel-efficient vehicles, and the stronger markets for domestic energy, notably natural gas, would create many new job opportunities. It is noteworthy that these jobs would be primarily in the manufacturing and energy sectors, which have hitherto been the most depressed.

**(9) It would provide for fairness to the poor.** It is estimated that at least 25 million automobiles are owned



by individuals who are economically disadvantaged. Most of these vehicles are old gas-guzzlers, which average less than ten miles to the gallon. Some of the proceeds from the gasoline tax should be utilized to enable the poor to acquire more fuel-efficient vehicles. This recycling procedure would enable the poor to cope with higher gasoline taxes without creating a burden on society as a whole.

**(10) It would restore soundness to the U.S. economy.** In recent years the U.S. economy has been beset by a host of interrelated problems, including $200 billion federal budget deficits, $150 billion foreign trade imbalances, the unsolved energy problem, inadequate savings/investments to nourish the private sector, high interest rates, and chronic weakness in manufacturing and employment. All of these problems would be reduced by the gasoline tax.

**(11) It would help clean the environment.** In most urban areas, vehicular emissions are the largest source of air pollution. By providing financial incentives for reducing gasoline consumption, the tax would have a beneficial impact on the environment.

**(12) It would avoid the pitfalls of the oil import tax.** An oil import tax is a disguised price support scheme. It would raise domestic energy prices by the amount of the tax. It would be unfair to consumers. It would be inflationary and raise interest costs. It would undermine U.S. competitiveness in the international marketplace. It would jeopardize U.S. relations with oil producing countries. All of these problems could be avoided with the gasoline tax.

**(13) It would excel all other government policy options.** The gasoline tax is the only policy option that has a positive impact on federal budget deficits, foreign trade imbalances, the energy problem, and the general economy. No other policy option has a positive effect on more than two of these four variables.

**(14) It would foster statesmanship in policy making.** Hitherto, U.S. energy policy has been dominated by interest groups who placed their selfish objectives above the national interest. This orientation has led to harmful consequences

[illegible] gasoline tax would place the national interest ahead of all other considerations, thereby restoring statesmanship to its proper place in policy making.

**(15) It would serve the best interests of the American people.** Wrong energy policies have cost the American people more than $1 trillion since 1973, without giving them fair value in return. In contrast, the gasoline tax would generate multiple benefits. This tax would have a positive multiplier effect that would produce several dollars of benefits for each dollar of cost. The gasoline tax makes good economic sense.



## Preface

I have spent the past seven years doing research on the energy problem. My studies have convinced me that the U.S. government has failed to deal realistically with this important issue. Wrong government policies concerning energy and related matters have brought this nation to the brink of financial disaster. The time to implement corrective action is long overdue.

The most important single step in the right direction is to impose a substantial tax on gasoline. Such a tax would improve energy security, reduce federal budget deficits, lower interest rates, strengthed U.S. competitiveness in the marketplace, and stimulate the economy. Each dollar of gasoline tax would generate an estimated three dollars of tangible benefits to the nation. No other policy option would accomplish so much good on such a favorable basis. The case for the gasoline tax is supported by the experience of countries in Western Europe and Japan, which levy more than $1.25 per gallon, compared with nine cents collected by the U.S. Treasury.

It is hoped that this book will provide the readers with a sound perspective on the gasoline tax, including obstacles that must be overcome to implement this policy. I want to appeal to those who find the book of value to share the information with others. You can play a most valuable role in the educational effort that is essential for proper understanding and action. It would be very helpful if you passed copies of the book along to your friends and contacts, as well as to your representatives in government. To facilitate this effort, the publisher will make the book available at generous quantity discounts. In addition, special bonus offers await quantity purchasers. For details, please see the back of the book.

Ernest J. Oppenheimer
November 1986



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TESTIMONY BY

JOAN CLAYBROOK

ACCOMPANIED BY

DR. GERALD DONALDSON

CO-CHAIRS

CITIZENS FOR RELIABLE AND SAFE HIGHWAYS

(CRASH)

BEFORE THE SUBCOMMITTEE ON SURFACE TRANSPORTATION

HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

APRIL 18, 1991

Mr. Chairman and Members of the Subcommittee, we appreciate the opportunity to appear before you today. I am Joan Claybrook, President of Public Citizen; and I am accompanied by Dr. Gerald Donaldson of Advocates for Highway and Auto Safety. We share the privilege of serving as co-chairs of Citizens for Reliable and Safe Highways, or CRASH.

Formed by safety advocates and a broad coalition of medical experts, state safety officials, former governors, insurers, shippers and railroad suppliers, CRASH has spent the past year working at the grassroots level for improved truck and highway safety. Now we are turning our attention to the Congress because the decisions this Subcommittee makes in drafting the Surface Transportation Assistance Act will determine the future safety of the public on our highways.

In view of the number of witnesses appearing before the Subcommittee, I will be summarizing the materials before you which have been submitted for the record.

First, I will address the safety of longer combination vehicles -- Twin 48's, Rocky Mountain Doubles and Triples -- weighing up to 135,000 pounds and covering up to 120 feet or more in length -- the equivalent of a ten story building.

An analysis of the scientific literature from sources including the California Department of Transportation and California Highway Patrol; the transportation research centers of the Universities of Michigan, North Carolina, Pennsylvania State, and Texas; the Congressional Office of Technology Assessment; the Transportation Research Board; the Federal Highway Administration and the National Transportation Safety Board; show longer combination vehicles, or LCVs, to be unsafe for the following reasons:

1. Their engineering (which for a Triple includes 5 articulation joints to permit turning on corners and highway ramps) makes them inherently unstable, prone to sway and more likely to jackknife, overturn and separate than a single trailer truck;

2. By virtue of their size, weight, difficulty in accelerating, serious braking problems, and prolonged splash and spray, LCVs are incompatible with passenger cars in traffic;

3. As a result of their engineering, LCVs are involved in crashes that would not occur with a single trailer truck;

4. All multi-trailer trucks are disproportionately involved, or overinvolved, in accidents compared to single trailer trucks; and

5. Crashes involving LCVs will be more severe than single trailer truck accidents, with higher probabilities of deaths and injuries.

While we were pleased that President Bush and Secretary of Transportation Skinner did not request an increase in truck sizes or weights in the Administration's surface transportation assistance bill, doing nothing in the highway reauthorization will only serve to allow continued increases in the sizes and weights of trucks on our highways.

We recognize the hard and fast deadline facing the Congress: authority for the surface transportation assistance programs ends on September 30, 1991. But because the safety implications of truck size and weight are so important -- facing so many drivers on a daily basis, I do not believe that the Members of this or any other Committee will walk away from your responsibility to protect the safety of those using the Interstate highway system and the other federal-aid highways by taking action on the truck size and weight issue.

Consequently, as safety advocates, CRASH now asks this Committee to include in its highway reauthorization bill a provision which limits the cargo portions of multi-trailer trucks operating on the Designated National Network to 65 feet. Only through such clear and direct action will you be able to assure your constituents and the American public as a whole, that unsafe Triples, Rocky Mountain Doubles, and Turnpike Doubles will not be running along side them on the Interstate System and on portions of the Federal-Aid Primary system designated by the Secretary (or any successor system of highways).

This action will also serve to reduce road and bridge damage on our most heavily traveled highways -- roadways that are already experiencing serious deterioration. I know that I don't need to remind the Members of this Committee that 15.9 percent of the bridges on the Interstate are already classified as functionally obsolete or structurally deficient by the Federal Highway Administration, while 22.7 percent of the pavement on the Interstate system has been assessed by FHWA as needing immediate improvement.

The cost of these repairs is estimated to be $88.6 billion through 2005, or an average of $4.7 billion annually. In addition, over the same period, the costs for needed repairs on Interstate bridges are estimated to be $24.6 billion.

I know that I cannot answer the question of whether we can afford these repairs. That is a question with which this Committee and the Congress continue to wrestle. But I do know that we cannot afford to take a chance of subjecting our highways to heavier abuse and costlier deterioration from LCVs, as well as their serious threat to safety, in the name of productivity.

The obvious question to ask CRASH at this point, is why do we need to impose a federal length limit when there is already in place a federal limit of 80,000 pounds gross vehicle weight, 20,000 pounds single axle weight and 34,000 pounds tandem axle weight for the Interstate?

The answer is that 19 states already permit unsafe LCVs on their Interstates and other Federal-Aid highways, and LCV proponents are already working on lobbying campaigns in many other states. The National Governors Association has concluded, in their adopted highway transportation policy statement, that we need uniformity in allowable truck sizes and weights.

We are a mobile society. The crossing of state lines has become an every day event for more and more of our population. In view of this reality, only a federal truck length limit can fully and equally protect our highway users when they are driving at home and when they travel in other states.

Finally, with regard to weight, our response here takes us into the intricate workings of the grandfather provisions of Title 23's infamous Section 127.

To refresh your memories, when the Interstate System was created in the 1956 Federal-Aid Highway Act, federal limits were set for overall and axle weights and for the width of vehicles using the new System. At the same time, provision was made to allow states that had previously established higher weight and width limits for their public highways by law or regulation to continue them on the Interstate.

We understand that the 1956 provisions grandfathered three states for gross vehicle weights higher than the 73,280 pound limit contained in the 1956 Act. A larger number of states were similarly grandfathered in 1956 for higher axle weights. The gross vehicle and axle weight limits to this day apply only to the Interstate System, and not to other Federal-Aid Highways despite their lesser capability to safely handle even larger vehicles. The public is rightly confused by these arbitrary distinctions.

The 1974 Federal-Aid Highway Amendments added the federal bridge formula governing the spacing of axles and increased the federal vehicle and axle weight limits to their present levels. It also allowed for the continued operation of vehicles on the Interstate which violated the new bridge formula but had operated lawfully in the state prior to January 4, 1975 (date of enactment of the 1974 Amendments).

Until the Surface Transportation Assistance Act of 1982, compliance with the federal gross vehicle and axle weight limits and determination of whether a state had grandfathering rights to permit heavier vehicles on the Interstate were the purview of the Federal Highway Administration. The Symms Amendment changed that by totally removing the federal government -- the Secretary of Transportation and the FHWA -- from the administration of what is supposed to be a federal standard. I would like to note here that the Committee and House-passed position in 1982 was to involve both the states and the FHWA in the determination of grandfather rights.

The result has been chaos. The Federal Highway Administration can no longer provide authoritative information on the weights of trucks allowed by states to use the Interstate. Nor can DOT tell you the basis of some states' grandfather claims, claims which allow vehicles to exceed the 80,000 pound statutorily-established federal weight limit for the Interstate highways by as much as 49,000 pounds.

Since 1982, a number of states have claimed the right to exceed the federal weight limits on the Interstate through the haphazard issuance of permits for divisible loads. Section 127, however, makes only one specific exception for:

> those vehicles and loads which cannot be easily dismantled or divided and which have been issued special permits in accordance with applicable State laws. [Emphasis added.]

We would respectfully suggest to the Committee that this explosion of permitting over the past several years for overweight divisible loads is the direct result of tying the federal government's hands in the enforcement of the national gross vehicle and axle weight limits. Therefore, to bring some badly needed clarity and consistency to the law , CRASH asks that you amend Section 127 to put the Secretary of Transportation and the Federal Highway Administrator back in the driver's seat by restoring their clear legal responsibility for determining whether a state has a legitimate claim to grandfather rights under the existing requirements of Section 127 and, in particular, whether any state's grandfather rights allow the regular and routine issuance of trip permits for loads that are easily divisible.

This means that Congress should direct the Federal Highway Administration to review the grandfather rights claimed and exercised by states since passage of the Symms Amendment. Only those states found to not meet the existing requirements of Section 127 would be subject to question by FHWA.

I would now like to turn to a third safety item -- the accident record of LCVs and the limited data available for evaluating their performance. While the proponents of wider usage of LCVs will claim lower crash rates for longer combination vehicles than for semi- and twin-trailers, their position is not supportable. First, they extract favorable data from a number of sources, pour them into a cauldron, and extract a witches' brew of confused conclusions.

Second, they don't explain that in almost every state, LCVs have been operated primarily under optimal conditions -- mostly on the very best roads, with the best drivers, under the best weather conditions, during specified hours of the day -- and on short trips where driver fatigue is less of a problem.

Moreover, it is currently impossible to do accident rate studies for LCVs for two reasons:

First, national truck crash reporting by truck configuration is unreliable. Many, if not most accident reports do not note whether a crashed truck had one trailer, two trailers or three. A letter written by the Montana Department of Highway Safety only six weeks ago illustrates the problem:

> Prior to 1982, Montana had no distinction between types of semi-trucks. Recently, we have found major problems on reporting of triples, which are coded incorrectly about half the time during the last three years.

Second, no reliable national data base exists to determine vehicle miles travelled by truck configuration. In a recent study of Triples crashes in Oregon, the Oregon Public Utilities Commission (PUC) stated categorically:

> ...we do not know the mileage nor the proportion of miles travelled by these vehicles in triple combination.

The Oregon PUC denied that it was possible to determine or compare accident rates of Single, Double or Triple trailer trucks by stating:

> Mileage information is not available on the various combinations; therefore, it is not possible to compare accident data on a statistically valid basis.

By the way of background, you should be aware that the State of Oregon has very extensive experience with LCVs. Both Triples and Rocky Mountain Doubles have operated in Oregon since 1967. At the start, Triples were limited to specific portions of the Interstate. This was soon expanded, however, allowing Triples to run on some two-lane, two-way state highways, but only in fair weather. In 1989, the weather restriction was lifted, permitting Triples to run in the rain on two-lane, two-way state highways.

Today, Triples run on 3,526 miles of Oregon roads -- including certain city streets and country roads -- while Rocky Mountain Doubles may be found on 4,065 miles of roadway.

As the Oregon experience shows, there is a tendency for LCVs to expand beyond the Interstates and outside of limited conditions over time with no guarantees that any of the original limitations would continue. And the results are predictable as the Oregon Public Utilities Commission study reveals:

- Of the 65 crashes occurring in Oregon during the 5 years studied, 30 percent of the Triples accidents took place off the Interstates, with 20 percent occurring on city streets;

-- While only 1.3 percent of Single trailer truck crashes resulted in trailer separation, 4.6 percent of Rocky Mountain Double crashes and 6.4 percent of Triple crashes involved trailer separation; and

-- The crash data between 1985 and 1990 illustrates what the Oregon PUC calls "the speed problem," the difficulty of Triples climbing upgrades: 14 percent of the Oregon Triples' crashes involved motorists striking the rear of the LCVs at night and more than half of these night-time, rear-end accidents occurred on uphill grades.

In sum, the reporting of truck crash data is incomplete and wholly inadequate. The FHWA's Office of Motor Carriers data system is voluntary, relying on interstate motor carriers to report their own crash involvements. The other prime source of crash data is the National Highway Traffic Safety Administration's Federal Accident Reporting System (FARS) which covers crashes with fatalities. While more complete than the Office of Motor Carriers data, FARS coverage is limited to fatal accidents. Although FARS can be used be with additional refinement to generate a comparison of all multi-unit trucks vs. single-trailer trucks for fatal crashes, it does not accurately distinguish each specific LCV combination.

To remedy this current lack of accurate truck crash and vehicle miles travelled data, CRASH is asking this Subcommittee to establish an accurate and uniform national truck safety monitoring system as part of its reauthorization of the Motor Carrier Safety Assistance Program. Such a system would provide transportation safety specialists with the kind of broad and reliable information base needed to analyze the causes of truck crashes and to develop preventative measures. The inadequacies of the U.S. Department of Transportation's two data bases have been well documented, most recently by the Transportation Research Board and the National Governors Association.

The final issue that we want to raise concerns truck maintenance and an increasing amount of evidence that numbers of motor carriers may be skimping on maintenance to save money. Since 1984, under the Motor Carrier Safety Assistance Program (MCSAP), ever-increasing numbers of roadside inspections have been performed.

However, the percentage of trucks with out-of-service violations has not gone down. Inspections of trucks during the annual, three-day "Roadchecks" sponsored by the U.S. Department of Transportation every May have shown the same basic results, with 32 percent of the trucks ordered out-of-service in 1989 and 30 percent of the inspected vehicles receiving out-of-service orders during the 1990 Roadcheck. Moreover, random inspections conducted in four different states (California, Michigan, Washington State and Wisconsin) produced out-of-service orders for more than 25 percent of the randomly inspected trucks.

The Motor Carrier Safety Assistance Program has brought about a nearly tenfold increase in truck inspections since its creation in 1984. Moreover, MCSAP has served as a model for intergovernmental coordination and cooperation. To make MCSAP even more effective as a truck safety guarantor, CRASH recommends that the Committee's reauthorization bill strengthen the Motor Carrier Safety Assistance Program by requiring the Secretary of Transportation to work with the states to:

(1) establish more uniformity in vehicle inspections;

(2) set minimum fines for safety violations so the cost of state fines serves as a deterrent to potential violators and encourages better maintenance, safer operations and compliance with MCSAP; and

(3) improve the enforcement of out-of-service orders for trucks outside their state of residency by covering all out-of-service orders in the Non-Resident Compliance Contract.

To close, I would like to thank the Subcommittee for holding such extensive hearings on the surface transportation assistance reauthorization, both in Washington and around the country. CRASH has been pleased to participate in your deliberations not only today, but also in Long Beach and San Jose.

Finally, I want to reiterate that you have a great opportunity before you in this legislation to make a major difference in the safety of our highways.

1991 could be the time that we hold the line and reverse the dangerous trend of unending increases in truck weights and lengths, increases which threaten our lives and destroy our highways and bridges.

I hope you will agree that 80,000 pound trucks with a maximum of 65 feet for their trailers is big enough, long enough, and heavy enough. Certainly, the people who use the highways, the vast majority of drivers who operate heavy trucks, state transportation officials, insurers, medical professionals who must treat the victims, and the state and local police who must deal with crash-generated traffic jams and severely injured motorists all agree with need to limit these behemoths on the public roadways.

Thank you. We would be pleased to answer any questions you may have.

CRASH CITIZENS FOR RELIABLE AND SAFE HIGHWAYS

## POOR TRUCK MAINTENANCE -- OVERVIEW

Studies confirm that a large number of trucking companies skimp dangerously on truck maintenance to cut costs. As a result, more than **25%** of the trucks on the road today have mechanical defects so severe that they should immediately be ordered out-of-service -- that is, ordered not to move until the dangerous mechanical defects are corrected. One study found that big trucks with out-of-service defects are **twice** as likely to be involved in a crash as are big rigs with no equipment defects.

The Motor Carrier Safety Assistance Program ("MCSAP") has brought about a nearly tenfold increase in truck inspections since taking effect in 1984. Nevertheless, the increased truck inspections have not solved the defective truck problem, for two reasons:

1. Penalties imposed on trucking companies caught with defective vehicles are so low as to constitute nothing more than a license to ignore the law.

2. Violations for out-of-service trucks are not included in the Non-Resident Compliance Compact (a reciprocal agreement between member states to honor each other's traffic citations and aid in enforcement). Thus, citations issued for defective trucks are difficult to enforce on non-residents of the citation-issuing state.

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## TRUCK INSPECTIONS AND SURVEYS OF TRUCKING COMPANY CEOs

Despite hundreds of millions of dollars spent by federal and state governments under MCSAP on roadside truck inspections, the percentage of inspected trucks with out-of-service violations has not improved:[1]

| Year | Truck Inspections | Out-Of-Service Trucks | % Out-Of-Service |
|---|---|---|---|
| 1984 | 159,294 | 49,604 | 31% |
| 1985 | 374,885 | 107,583 | 29% |
| 1986 | 559,300 | 218,144 | 39% |
| 1987 | 1,003,794 | 370,088 | 37% |
| 1988 | 1,254,385 | 470,836 | 38% |
| 1989 | 1,301,868 | 473,919 | 36% |

Semi-random inspections of trucks throughout the country during a three-day period in May of each year (Roadcheck '89, Roadcheck '90, etc.) have found the percentage of out-of-service trucks to be almost as high as the MCSAP out-of-service percentages. During Roadcheck '89, 31,000 trucks were inspected over a three-day period at 160 locations in 47 states. Inspectors ordered **32%** of the trucks out-of-service.[2] During Roadcheck '90, **30%** of inspected vehicles were ordered out-of-service.[3]

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[1] U. S. Government Accounting Office, "Truck Safety: Need to Better Insure Correction of Serious Inspection Violations, Washington, D. C., September 1990, p.14.

[2] Memorandum from Stephen Crane, Regional Director, Office of Motor Carrier Safety, Federal Highway Administration, Albany, New York, to John Hibbs, Director, Office of Motor Carrier Safety, Field Operation, Washington, D. C., May 26, 1989.

[3] Interview with Milt Schmidt, Inspection Coordinator, Regional Office, Director of Office of Motor Carrier Safety, Albany, New York, August 1990.

Not all MCSAP and Roadcheck inspections are completely random. Indeed, some states' inspections are selective. Those trucks in apparently poor condition or with obvious safety defects are inspected first.

The recently published results of a survey of 202 chief executive officers (CEOs) of trucking companies underscores CRASH's conclusion that a frightening number of trucking companies are not properly maintaining their vehicles.[4]

The CEOs were asked: "What single factor most surprised you about what happened to the intercity trucking industry between 1980 and 1989 as a result of deregulation?" The biggest surprise for a significant number of CEOs was how safety standards have been compromised since 1980. Some representative comments:

- "Today I fear to drive the Interstate because I know how unsafe many 18-wheelers are. They are typically operated by firms that can't be making any money because rates, in most cases, are not compensatory. They have undoubtedly skimped on preventive maintenance and it scares the hell out of me to have one of those giant trucks bearing down on me. I always wonder if their brakes will work. I don't want to sound melodramatic, but I have often thought how ironic it would be if I were killed by a tractor-trailer unit after spending my entire career in the trucking industry."[5]

- "Carrier safety is a joke today. It is pure and simple economics for the great majority of carriers. Their rates are too low, so what expense item is deleted? The obvious one is preventive maintenance. I am really chagrined that both state and

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[4] J. C. Johnson and K. C. Schneider, "A Decade After the 1980 Motor Carrier Act: Trucking Company CEOs Discuss Surprises and Speculations," *Transportation Quarterly*, July 1990, pp. 343-62.

[5] Id. at 349.

federal safety inspections in this country are so lax. . . ."[6]

The CEOs were also asked to peer into the future. "What do you believe will be the single largest change in the intercity trucking industry between now and the year 2000?" A significant number of CEOs predicted the single largest future change would be the further deterioration of safety in the coming decade. Two representative comments:

- "Rates have become so low that many trucking companies, mine included, do not perform the preventive maintenance that we should or that we did just 5 years ago. I am outraged at myself that I must go to our VP of maintenance and constantly ask him where we can cut back to get our cost of operations lower. This is wrong, wrong, wrong, but it is also an economic fact of life that I must live with. If we maintained our equipment at the levels we should and if we replaced our rolling stock when we should, we would no longer be in business. Isn't that sad?"[7]

- "The trucking industry is cannibalizing itself. We can't afford to replace equipment, so we are running tractors that have way too many miles on them — some of ours have over 2 million miles and they shouldn't be on the road. No amount of maintenance would render these vehicles safe. We are not providing anywhere near enough maintenance for our vehicles, even if they were relatively new, which unfortunately most are not. This is the ticking time bomb for the trucking industry."[8]

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[6] Id. at 349-50.

[7] Id. at 358-59.

[8] Id. at 359.

## TRUCKING INDUSTRY REBUTTAL:

The trucking industry contends that the out-of-service statistics from the MCSAP inspections and the Roadcheck '89 and Roadcheck '90 inspections are unreliable because the inspections were not completely random. The trucking industry asserts that if truck selections were done on a truly random basis, the percentage of trucks ordered out-of-service would be lower.

The spokesman for a major trucking company claims that one cannot rely on the representative comments by trucking company CEOs quoted in the *Transportation Quarterly* article since the CEOs were quoted anonymously.

## CRASH RESPONSE:

The U. S. Congress' Office of Technology Assessment found that "even in states where efforts are made to perform completely random inspections, 30 percent of inspected vehicles are being put out-of-service."[9] California, for example makes only completely random truck inspections. The percentage of out-of-service violations found ranges from a low of 20% at the fixed site inspection locations (that drivers of poorly maintained vehicles can avoid by careful route planning) to a high of 40% at the surprise inspections conducted by mobile inspection teams.[10]

Carefully controlled random inspection of trucks in four states confirms the findings of the Office of Technology Assessment. All found that at least **25%** of the randomly selected trucks had out-of-service violations.

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[9] Congress of the United States, Office of Technology Assessment, "Gearing Up for Safety," 100th Congress, p.14.

[10] Interview on January 3, 1991 with Captain Larry Rollin, Chief, Commercial and Technical Services Section, California Highway Patrol.

1. **California and Michigan**

   In 1987, Michigan and California Highway Patrol inspectors randomly selected a total of 604 trucks for inspection. **Twenty-seven percent** (166 trucks) had out-of-service violations.[11]

2. **Wisconsin**

   Random truck inspections at Kegonsa and Utica near Madison found that **25%** of the inspected trucks had out-of-service violations.[12]

3. **Washington State**

   The Washington State Patrol randomly selected trucks on Washington interstates for inspection over a two-year period from 1984 to 1986 as part of a study designed by the Insurance Institute for Highway Safety. **Thirty-one percent** of the randomly selected trucks were ordered out-of-service.[13]

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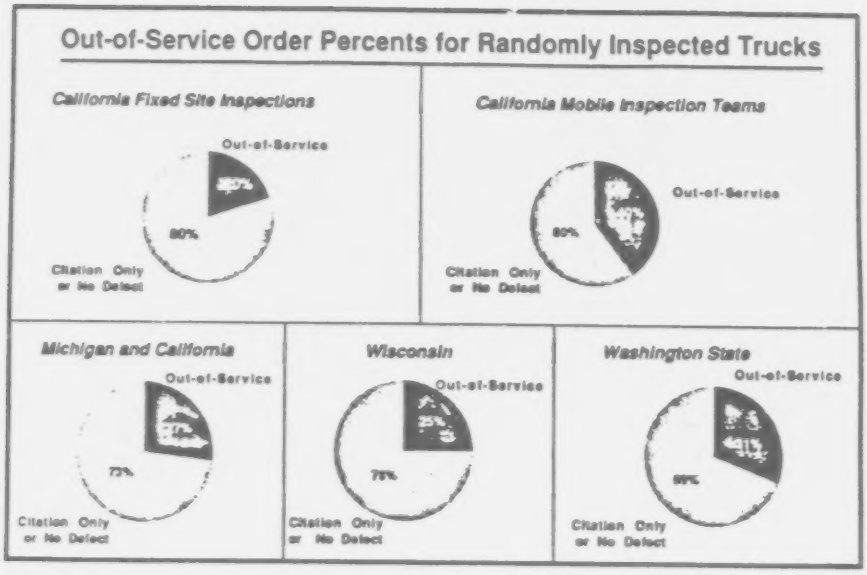
[11] Rae Tyson, "What Four State Truck Inspections Found." *USA Today*, March 24, 1987.

[12] B. Davis, "Preliminary Results of MCSAP Random Sample Inspections at Kegonsa and Utica Scales Southeast of Madison on Interstate 90, Wisconsin State Patrol, 1986.

[13] I. S. Jones and H. S. Stein, "Defective Equipment and Tractor-Trailer Crash Involvement," *Accident Analysis and Prevention*, Vol. 21, No. 5, 1989, pp.469-81.

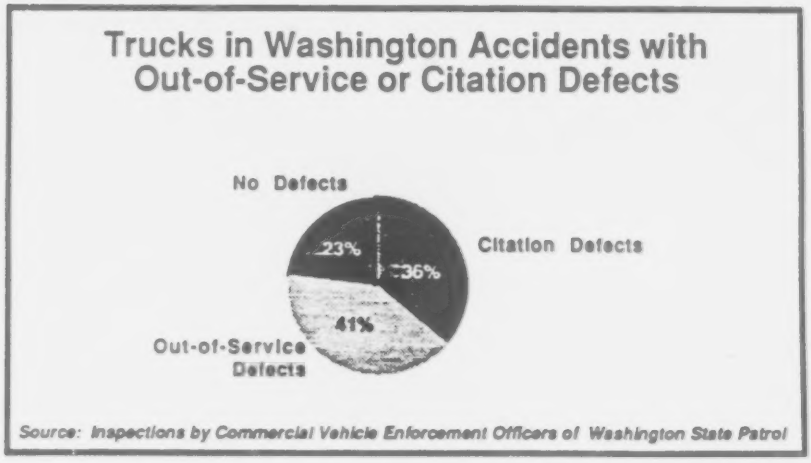



The attack on the university professors who surveyed 202 trucking company CEOs and published the results in *Transportation Quarterly* is without merit. It is customary in surveys of this type to afford the respondents anonymity. In fact, the study deserves even greater credence because anonymity allows respondents to be completely forthright in their answers.

## EQUIPMENT DEFECTS IN TRUCKS INVOLVED IN ACCIDENTS

A large percentage of trucks involved in accidents have mechanical defects.

The specially-trained Commercial Vehicle Enforcement officers of the Washington State Patrol carefully investigated crash-involved trucks on Washington interstate highways over a two-year period as part of the Washington State Truck Study. Commercial Vehicle Enforcement officers found that **77%** of the crash-involved trucks had citable maintenance violations and **41%** of the accident-involved trucks had equipment violations so severe that they should have been ordered out-of-service.[14]

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[14] I. S. Jones and H. S. Stein, supra note 13, p.473-74.

## TRUCKING INDUSTRY REBUTTAL:

"The US Department of Transportation reports that, of those accidents reported to the Office of Motor Carriers on an annual basis, approximately 97% of the involved trucks have no visible defect."[15]

## CRASH RESPONSE:

The accident statistics reported by the Office of Motor Carriers ("OMC") are based on self-reporting by motor carriers. This system of voluntary self-reporting is so inadequate that the Office of Motor Carriers statistics are considered unreliable. Even when trucking companies report accidents to OMC, they almost always fail to report maintenance violations.

Moreover, elementary logic tells one that if 25% or more of trucks on the highway have out-of-service type maintenance defects, based simply on random occurrence it would be expected that significantly more than 3% of trucks involved in accidents would have vehicle defects.

### 1. Trucking Companies Report Only a Small Percentage of Their Accidents to OMC.

Messrs. Campbell and Carsten at the University of Michigan's Transportation Research Institute ("UMTRI") analyzed the accident data provided by trucking companies to OMC. That analysis led to the following conclusion:

> Many fleets, fearing damage to their reputations if data were leaked, were clearly reluctant to report all their accidents. Others found the collection of the data to be too much of a burden on their time. But whatever the reason, the data were clearly too unreliable to perform their intended purpose.[16]

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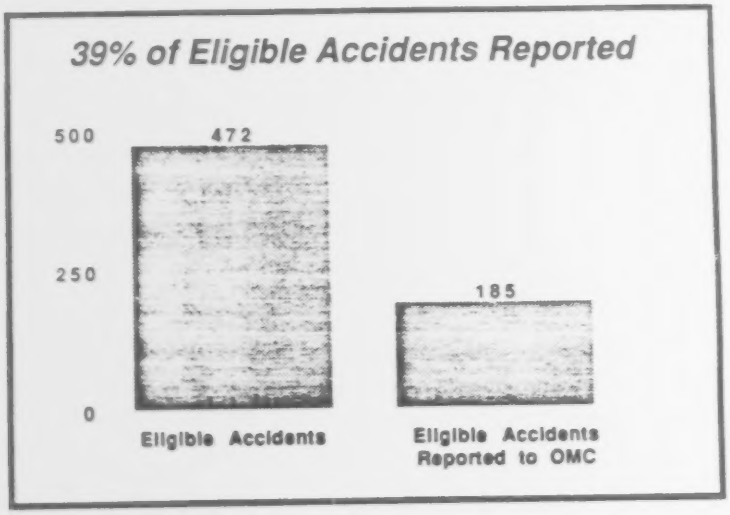
[15] ATA White Paper delivered to House and Senate staffs of Public Works subcommittees responsible for surface transportation in August, 1990 (hereinafter "ATA White Paper").

[16] K. L. Campbell and O. Carsten, "Fleet Accident Evaluation of FMVSS 121," Report UM-HSFI-81-9, University of Michigan Highway Safety Research Institutes, Ann Arbor, March 1981.

In 1983, the Office of Motor Carriers estimated before Congress that only 60% to 70% of all truck accidents required by law to be reported to OMC ("eligible accidents")[17] are actually reported.[18] Subsequent research done for OMC has shown that that estimate is probably high. The later research showed that only 39% of eligible truck accidents involving interstate carriers that the Commercial Vehicle Enforcement Officers of the Washington State Patrol investigated on interstate highways during a two-year period were actually reported to the Office of Motor Carriers.[19]



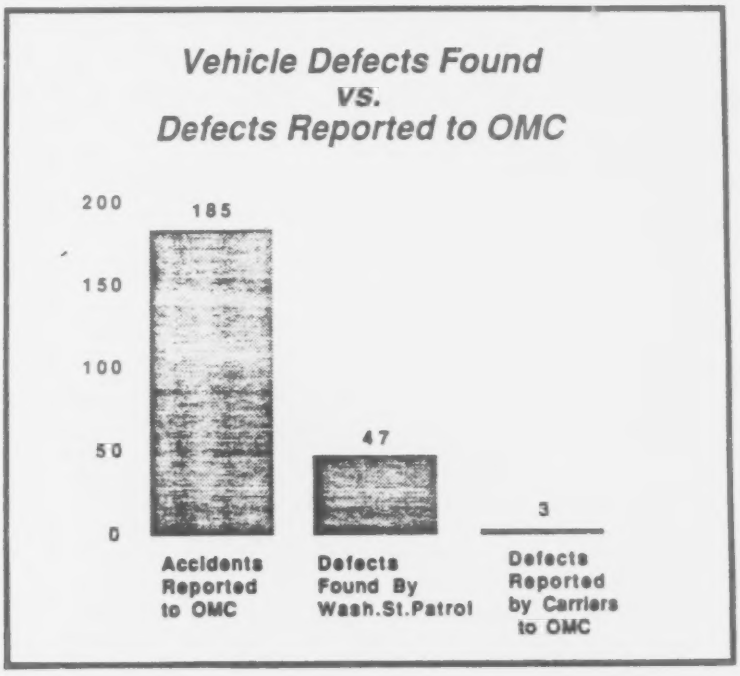

[17] An "eligible accident" is one resulting in an injury where treatment was received away from the site and/or causing property damage of at least $2,000 (before 1986) or $4,200 (1986 and after).

[18] Twenty-First Report of the House Committee on Government Operations, "Improving the Effectiveness of the Bureau of Motor Carrier Safety and Its Enforcement of Hazardous Materials Regulations," House Report 98-562, Washington, DC, November 17, 1983, p.10.

[19] H. S. Stein, "Comparison of OMC Accident Data with Independent Data From Washington State," As Part of OMC Contract DTFH61-88-2-00094: Accident Reporting System Augmentation, Task E, Feasibility of Expanded Safetynet Accident Module, Reston, VA, December 1989, p.9.

**2. Even When Motor Carriers Report Accidents, They Almost Always Fail to Report Maintenance Violations to OMC.**

The study done for OMC found that only 185 out of 472 (39%) eligible accidents that occurred during the study period were actually reported by trucking companies to OMC. Of the 185 that were reported, 47 accident-involved trucks were found by the Washington State Patrol to have out-of-service defects. However, only 3 of those 47 trucks (6%) were reported to OMC as having any equipment defects.[20]




One can understand why the trucking companies prefer not to report defective equipment violations to OMC. Admitting violations might lead to liability in a lawsuit or might result in a negative report by OMC about the trucking company's maintenance practices.

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[20] H. S. Stein, supra note 21, p. 10.

A large percentage of accidents are not reported by the trucking companies to the Office of Motor Carriers at all. Almost all of the companies who report their accidents to OMC fail to report serious equipment defects in accident-involved trucks.[21]

### 3. Elementary Logic

More than 25% of the trucks plying our nation's highways at any one time have maintenance defects so severe that they should be ordered out-of-service. One intuitively suspects (and the Washington State Truck Study proves) that accident-involved trucks will have a higher proportion of vehicle defects than will trucks not involved in accidents. Yet, the ATA would have us believe that only 3% of accident-involved trucks have any equipment defects. If 25% of trucks on the road have out-of-service defects, elementary logic tells one that, based simply on random occurrences, significantly more than 3% of trucks involved in accidents will have vehicle defects.

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[21] A researcher retained by OMC criticized an equipment defect question on the OMC form, which asks, "Were mechanical defects or failures apparent on your vehicle at the time of the accident?" The researcher noted:

> This question is not specific and can be misinterpreted. For example, how is apparent defined? Although the OMC instructions go into this issue in detail, requiring that each defect known to exist before the accident, brought to light by the accident, or discovered by investigation of the accident should be recorded, few people probably review these additional instructions. A more direct question would be: Were any equipment defects present on your vehicle at the time of the accident? On the other hand, it would be difficult to believe that a substantial portion of the drivers with trucks having out-of-service brake and steering defects are not aware of the problems. H. Stein, supra note 21, p. 11.

## EQUIPMENT DEFECTS AS A CAUSE OF ACCIDENTS

Proof that about 25% of the trucks on the road have severely defective brakes, tires or steering apparatus does not necessarily mean that those defects cause accidents. The question remains:

**Does defective truck equipment increase the odds of an accident?**

Truck accidents are complex events involving a series of related causal factors. The condition of the driver, the environment and the truck equipment frequently interrelate. It is often difficult to identify a simple primary cause. Nevertheless, the evidence indicates that equipment defects do significantly increase the risk of truck accidents.

A 1987 National Highway Traffic Safety Administration (NHTSA)[22] study concluded that vehicle-related factors "play a critical, if somewhat unrecognized and under-reported role" in truck accidents. NHTSA estimated that faulty brakes could be involved in as many as one-third of all truck accidents.[23]

The Washington State Truck Study by the Insurance Institute for Highway Safety with the assistance of the Commercial Vehicle Enforcement Officers of the Washington State Patrol, concluded that big rigs with out-of-service defects have **two times** the risk of being involved in a crash as do big rigs with no equipment defects.[24]

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[22] NHTSA is the branch of the US Department of Transportation responsible for vehicle and human factor aspects of highway safety.

[23] National Highway Traffic Safety Administration, "Heavy Truck Safety Study," Washington, DC, US Department of Transportation, 1987.

[24] I. S. Jones and H. S. Stein, supra, note 11, p.476, table 6.

## TRUCKING COMPANY REBUTTAL:

"The University of Michigan Transportation Research Institute's five-year study of large truck fatal accidents found that in 92% of the cases no factor related to the physical condition of the truck was identified."[25]

## CRASH RESPONSE:

1. **False Assertion About University Of Michigan Transportation Research Institute's Findings**

Dr. Kenneth Campbell, who heads the statistical analysis section of the University of Michigan's Transportation Research Institute ("UMTRI"), stated in an interview that UMTRI has **not** "found" that in 92% of fatal large truck fatal accidents no factor related to the physical condition of the truck was identified.[26]

UMTRI prepared a five-year analysis (from 1980 to 1984) of Federal Accident Reporting System (FARS) data. In its analysis, UMTRI notes that FARS collation of data from FARS sources—police reports—shows that police reports specify equipment problems as the cause of truck accidents in 8% of the accidents. UMTRI, however, does not make any attempt to verify the accuracy of the FARS data or the conclusions in the police reports.

Since the FARS data is based on police reports, Dr. Campbell points out, FARS data tends to undercount the number of incidents where truck equipment defects played a role.

Dr. Campbell explained that police personnel who investigate truck accidents rarely perform rigorous or thorough investigations on truck equipment defects. Most police officers simply are not trained to observe vehicle defects and, consequently,

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[25] Joseph M. Clapp, Chairman of Roadway Services, quoted in *Transport Topics*, "Riding the Rails," October 8, 1990, p.6.

[26] Interview with Dr. Kenneth Campbell, October 26, 1990.

the majority note only the most catastrophic equipment failures on their accident reports.

**2. Detailed Truck Inspection Necessary to Determine Role of Vehicle Defect in Accidents**

To assess whether defective equipment is a casual factor in any truck accident, a detailed inspection must be made of the vehicle. Such an inspection is rarely made after a truck accident.

Not having the information about the vehicle that would be produced by a thorough examination of the vehicle, the police officer who investigates the accident generally writes in his police report that the accident was caused by driver error.

For example, when a truck rear-ends a car, the investigating officer will frequently code the accident as caused by "driver inadvertence" when it was really caused by defective brakes.

**CONCLUSION:**

Truck maintenance problems are dangerous and need to be addressed by Congress.

The Motor Carrier Safety Assistance Program ("MCSAP") has brought about a nearly tenfold increase in truck inspections since taking effect in 1984. Nevertheless, the increased truck inspections have not solved the defective truck problem, for two reasons:

1. Penalties imposed in trucking companies caught with defective vehicles are so low as to constitute nothing more than a license to ignore the law.

2. Violations for out-of-service trucks are not included in the Non-Resident Compliance Compact (a reciprocal agreement between member states to honor each other's traffic citations and aid in enforcement). Thus, citations issued for defective trucks are difficult to enforce on non-residents of the citation-issuing state.

# OREGON PUBLIC UTILITY COMMISSION

## TRIPLE-TRAILER COMBINATIONS
## ACCIDENTS AND INSPECTIONS
## IN OREGON
## 1985 THROUGH 1990

MARCH 1991

## EXECUTIVE SUMMARY

This report provides raw data on accidents involving triples and all other heavy truck combinations. It also compares results of inspections conducted on triples and all vehicle combinations.

Triples operate under different conditions and routes than other heavy truck combinations. Mileage information is not available on the various combinations; therefore, it is not possible to compare accident data on a statistically valid basis.

On-highway inspections are generally conducted on vehicles that inspectors consider most likely to have safety violations. Therefore, the inspection informaton contained in this report does not represent the condition of all vehicles operating in Oregon. The results may be used to compare the various combinations because the selection criteria for inspections is the same for all vehicle combinations.

During the six-year period 1985 through 1990, there were a total of 65 accidents reported to the PUC involving triple-trailer vehicle combinations. Triples account for 0.6 percent of the total number of accidents. It is estimated that 2.2 percent of the power units registered in Oregon are permitted to operate with triples. While the proportionate accident rate of triples is less than 2.2 percent of the truck power units registered in Oregon, this analysis lacks significance because we do not know the mileage nor the proportion of miles traveled by these vehicles in a triple combination.

The types of accidents we see with triples are the same as all other combinations. However, there seem to be two areas where triple accidents stand out. These are unit separations (separation of one unit from another) and incidents of nighttime rear-end accidents involving another vehicle striking the rear of the triple combination. The rear-end accidents may indicate a nighttime visibility and speed problem on uphill grades. (Five of the nine nighttime rear end accidents occurred on uphill grades.)

Results of triple combination inspections indicate that the overall number of violations per inspection are less for triples than for all combinations. The average number of violations per inspection of triples over the five-year period was 2.97, whereas for all combinations it was 3.54. The average percentage of vehicles placed out-of-service based on these inspections was 8.14 percent for triples and 25.56 percent for all vehicles. This comparison is based on 229 inspections conducted on triples versus 82,946 conducted on all vehicle combinations.

Because triples are restricted to certain routes, we have provided at the end of this report a map showing those routes currently authorized for triple trailer travel under permits issued by the Oregon State Highway Division.

# INFORMATION ON ACCIDENTS AND INSPECTIONS INVOLVING TRIPLE-TRAILER COMBINATIONS IN OREGON

## 1985 THROUGH 1990

This report presents the accident and inspection information on triples currently available to the PUC. Information on the miles traveled by triples in Oregon is not available so staff cannot calculate accident rates. This makes any direct comparison of the relative safety between various vehicle configurations difficult.

The operation of triples on Oregon highways is restricted by special transportation permits controlled by the Oregon Highway Division. Triples are restricted to designated highway routes, are prohibited from using those routes in inclement weather conditions, and have several other limitations on their operation. These operational limitations also make direct, accurate comparison difficult.

This report should be read with those limitations in mind.

During the period, 1985 through 1990, there were a total of 65 accidents reported to PUC, involving triple-trailer vehicle combinations. The following table shows the number of accidents involving triples, with the total commercial vehicle accidents, by year:

| | 85 | 86 | 87 | 88 | 89 | 90 | TOTAL |
|---|---|---|---|---|---|---|---|
| TRIPLES | 5 | 12 | 10 | 13 | 15 | 10 | 65 |
| ALL VEHICLE COMBINATIONS | 1714 | 1886 | 1631 | 1829 | 1779 | 1637 | 10476 |

Triples account for .6 percent of the total number of accidents reported involving all commercial vehicle combinations during this period.

The following table shows the distribution of accidents by vehicle configuration.

TOTAL ACCIDENTS BY VEH. CONFIGURATION
1985 THROUGH 1990

| | TOTAL NO. ACCIDENTS | % OF TOTAL ACCIDENTS |
|---|---|---|
| TRUCK | 1509 | 14.4 |
| TRUCK & TRAILER | 974 | 9.3 |
| TRACTOR/SEMI TL. | 6588 | 62.9 |
| TRAC/DOUBLE TL. | 1144 | 10.9 |
| TRAC/TRIPLE TL. | 65 | .6 |
| BOBTAIL | 165 | 1.6 |
| OTHER | 31 | .3 |
| | 10476 | 100.0 |

Figures from the ODOT Permit and Weighmaster Section, indicate that from 1985 through 1989, an average of 2.2 percent of the commercial vehicles registered in Oregon by PUC were permitted for triples. However, we do not know how often the permitted vehicles were operated as triples.

Of the 65 total truck accidents involving triples, 31, or 47.7 percent, were classified as "Truck-at-fault", indicating that the accidents resulted from the actions of the triples driver, or were due to a mechanical defect or load securement problem on the triple combination.

TRUCK-AT-FAULT ACCIDENTS

| | 85 | 86 | 87 | 88 | 89 | 90 | TOTAL |
|---|---|---|---|---|---|---|---|
| TRIPLES | 2 | 5 | 5 | 7 | 8 | 4 | 31 |
| ALL VEHICLE COMBINATIONS | 867 | 941 | 849 | 1030 | 937 | 829 | 5453 |

Triples account for .6 percent of the truck-at-fault accidents during this period.

The following table shows a distribution of truck-at-fault accidents by cause for triples compared to all other vehicle configurations.

CAUSE DISTRIBUTION

TRUCK-AT-FAULT ACCIDENTS
1985 THROUGH 1990

| | TRIPLES | % | OTHER VEH. | % |
|---|---|---|---|---|
| DRIVER ACTIONS | 20 | 64.5 | 3928 | 72.4 |
| DRIVER CONDITION | 5 | 16.1 | 526 | 9.7 |
| MECHANICAL DEFECT | 5 | 16.1 | 607 | 11.2 |
| LOAD CONDITION & SECUREMENT | - | | 261 | 4.8 |
| OTHER | 1 | 3.2 | 101 | 1.9 |
| | 31 | | 5422 | |

The most common truck-at-fault accidents involving triples were sideswipe and rearend collisions, and four types of crashes; running off roadway, unit-separation, jackknife, and overturn. These are also the most common types of collisions and crashes involving all vehicle combinations.

The table at the top of the next page shows a breakdown of the truck-at-fault accidents, by accident type, for triples versus all other vehicle configurations. For instance, of the truck-at-fault accidents involving triples, 22.6 percent were sideswipe collisions. For all vehicle combinations, sideswipes accounted for 26.6 percent of the truck-at-fault accidents.

BREAKDOWN OF TRUCK-AT-FAULT ACCIDENTS BY TYPE
FOR TRIPLES AND OTHER VEHICLE CONFIGURATIONS
1985 THROUGH 1990

| TYPE | ALL VEHICLE CONFIGURATIONS | % | TRIPLE TRAILERS | % |
|---|---|---|---|---|
| REAREND | 842 | 15.4 | 4 | 12.9 |
| HEADON | 148 | 2.7 | 1 | 3.2 |
| SIDESWIPE | 1448 | 26.6 | 7 | 22.6 |
| BROADSIDE | 310 | 5.7 | 0 | - |
| ROLLAWAY | 41 | .8 | 0 | - |
| BACKING | 167 | 3.1 | 1 | 3.2 |
| RAN OFF ROAD | 966 | 17.7 | 6 | 19.4 |
| UNIT SEPARATION | 97 | 1.8 | 2 | 6.4 |
| JACKKNIFE | 290 | 5.3 | 5 | 19.4 |
| OVERTURN | 669 | 12.3 | 4 | 12.9 |
| FIRE | 6 | .1 | 0 | - |
| LOADSHIFT | 52 | .9 | 0 | - |
| LOADSPILL | 160 | 2.9 | 0 | - |
| HIT & RUN | 155 | 2.8 | 1 | 3.2 |
| OTHER | 102 | 1.9 | 0 | - |
| | 5453 | | 31 | |

As you can see there are some marked differences in accident type distribution depending upon vehicle configuration. In order to illustrate these differences, an appendix has been included, with a series of graphs showing the proportion of truck-at-fault accidents by vehicle configuration for each accident type.

Graph A-1, for instance, compares the proportion of truck-at-fault accidents involving the truck striking the rear of another vehicle, for all combinations. For instance, this shows that for straight trucks, 22.6 percent of the accidents involve rearend collision; while for triples the proportion is 12.9 percent.

Also included are breakdowns for sideswipe collisions (A-2), and for the four most frequent types of crashes, ran off road (A-3), unit-separations (A-4), jackknifes (A-5), and overturns (A-6).

Graph A-4 shows that unit-separations occur most frequently in vehicle combinations using a "pintle hook" type coupling device (ie between trailers on doubles and triples, and on truck and trailer combinations). Comparatively, the proportion

of unit separations is lower in accidents involving tractor-semi trailers which use a "fifthwheel".

There were two unit-separations involving triples reported to PUC during the 1985 - 1990 period. Cause analysis show these unit-separations were caused by speed in one case, and by a failure of a pintle-hook in the second occurrence.

Graph A-5 shows the distribution of jackknife accidents for each vehicle combination. Of the truck-at-fault accidents involving triples, 16.1 percent were jackknifes. Referring to the next table, triples accounted for 1.72 percent of the jackknifes during the six year period.

PROPORTION OF TOTAL TRUCK-AT-FAULT ACCIDENTS
INVOLVING TRIPLES
1985 - 1990

| TYPE | TOTAL | TRIPLES | PERCENT |
|---|---|---|---|
| REAREND | 842 | 4 | .48 |
| HEADON | 148 | 1 | .68 |
| SIDESWIPE | 1448 | 7 | .48 |
| BACKING | 167 | 1 | .60 |
| RAN OFF ROAD | 966 | 6 | .62 |
| UNIT SEPARATION | 97 | 2 | 2.10 |
| JACKKNIFE | 290 | 5 | 1.72 |
| OVERTURN | 669 | 4 | .60 |

Graph A-6 displays the distribution of overturn accidents for each vehicle configuration. As you can see, 12.9 percent of the truck-at-fault accidents involving triples, were overturns.

This is not the complete picture about overturns, however. In the process of accident analysis and coding, the accident type is determined by what is referred to as the "first harmful event." If a truck runs off of the roadway, strikes an object and overturns; the accident will be coded as "ran off road" since that was the first harmful event.

From 1985 through 1990, there were a total of 13 accidents, involving triples, that resulted in an overturn. The breakdown follows:

TRIPLES ACCIDENTS RESULTING IN OVERTURN

| TYPE | NO. ACCIDENTS |
|---|---|
| JACKKNIFE | 2 |
| RAN OFF ROAD | 5 |
| OVERTURN | 4 |
| UNIT SEPARATION | 2 |

Of the accidents resulting in overturn, the following shows the number by vehicle unit within the triple combination:

| VEHICLE | NO. OVERTURNS |
|---|---|
| ENTIRE COMB. | 2 |
| TR + 1ST TL | 1 |
| 2ND & 3RD TL | 2 |
| 3RD TL ONLY | 6 |
| NOT SPECIFIED | 2 |

One other bit of information is illustrated by graph A-7. This graph deals again with rear-end collisions. The solid bars represent the proportion of truck-at-fault accidents accounted for by rearends for each vehicle configuration. The lined bars represent the proportion of accidents that were the fault of other vehicle drivers (ie. not truck drivers).

Over one fourth of the "other driver-at-fault" accidents that involved triples, were rearend collisions (10). Of the 10 rearends, all occurred on an interstate route, 9 of them in darkness.

INJURIES/FATALITIES

During the period from 1985 through 1990, triples accidents have resulted in 42 injuries and 2 fatalities. This amounts to .6 percent and .4 percent of the total, respectively.

The following table shows the number of injuries and fatalities by year.

| | 85 | 86 | 87 | 88 | 89 | 90 | TOTAL |
|---|---|---|---|---|---|---|---|
| INJURIES | | | | | | | |
| TRIPLES | 5 | 2 | 4 | 8 | 9 | 14 | 42 |
| ALL VEH COMBINATIONS | 1102 | 1132 | 979 | 1398 | 1061 | 869 | 6541 |
| FATALITIES | | | | | | | |
| TRIPLES | 0 | 1 | 0 | 0 | 0 | 1 | 2 |
| ALL VEH COMBINATIONS | 73 | 91 | 58 | 132 | 94 | 70 | 518 |

44 injuries or fatalities

The next table shows the number of injuries and fatalities that were determined to be 'truck-at-fault' versus those that were the fault of the other vehicle driver.

CASUALTIES - ALL VEHICLE COMBINATIONS

| | TRUCK AT FAULT | | OTHER AT FAULT | | TOTAL |
|---|---|---|---|---|---|
| | NO. | % | NO. | % | |
| INJURIES | 2748 | 41.7 | 3835 | 58.3 | 6583 |
| FATALITIES | 110 | 21.2 | 410 | 78.8 | 520 |

The following information shows specific Oregon highways where triples accidents have occurred. As you can see these accidents have occurred most frequently on Interstates 84 and 5; with the rest scattered on various roadways.

PROPORTION OF ACCIDENT FREQUENCY FOR TRIPLES
ON SPECIFIC HIGHWAYS

1985 THROUGH 1990

| HIGHWAY | TOTAL ACCIDENTS | TRIPLES ACCIDENTS | PERCENTAGE |
|---|---|---|---|
| INTERSTATE 84 | 901 | 25 | 2.8 |
| INTERSTATE 5 | 1517 | 20 | 1.3 |
| INTERSTATE 205 | 158 | 1 | .6 |
| INTERSTATE 405 | 79 | 1 | 1.3 |
| US 26 | 215 | 1 | .5 |
| US 30 | 158 | 1 | .6 |
| US 101 | 335 | 1 | .3 |
| SR 99 | 303 | 1 | .3 |
| SR 140 | 120 | 1 | .8 |
| SR 224 | 45 | 2 | 4.4 |

In addition to the on-highway accidents, there have been 11 triples accidents on city streets. The cities where triples accidents have occurred are listed below:

| | | | |
|---|---|---|---|
| PORTLAND | 2 | CRESWELL | 1 |
| TIGARD | 1 | ROSEBURG | 1 |
| BEND | 1 | GRANTS PASS | 1 |
| BOARDMAN | 1 | MEDFORD | 1 |
| CENTRAL POINT | 1 | COTTAGE GROVE | 1 |

total 65 triples accidents
9 on non interstate highways
11 on city streets

The remaining five tables display the results of safety inspections conducted upon triple combinations in Oregon.

INSPECTION RESULTS FOR TRIPLES
1986 THROUGH 1990

| | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|
| NO. INSP | 52 | 27 | 42 | 38 | 70 |
| OS VEH % | 12.8 | 7.4 | 6.8 | 7.5 | 6.2 |
| TOTAL VIOL PER INSP. | 3.17 | 2.93 | 3.26 | 2.55 | 2.96 |
| CRITICAL VIOL PER INSP. | .923 | .741 | .548 | .711 | .443 |

INSPECTION RESULTS - ALL VEHICLE CONFIGURATIONS
1986 THROUGH 1990

| | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|
| NO. INSP. | 16945 | 15611 | 15744 | 17526 | 17120 |
| OS VEH % | 32.2 | 25.2 | 24.5 | 24.2 | 21.7 |
| TOTAL VIOL PER INSP. | 3.86 | 3.57 | 3.36 | 3.51 | 3.41 |
| CRITICAL VIOL PER INSP. | 1.049 | .832 | .781 | .799 | .805 |

INSPECTION RESULTS FOR TRIPLES

VIOLATION DISTRIBUTION BY VEHICLE UNIT

1986 THROUGH 1990

| VEH UNIT | TOTAL VIOLATIONS | OUT-OF-SERVICE VIOLATIONS | NO. VEHICLES OUT-OF-SERVICE |
|---|---|---|---|
| TRACTOR | 148 | 36 | 28 |
| 1ST TL | 86 | 16 | 14 |
| 1ST DOLLY | 110 | 17 | 14 |
| 2ND TL | 97 | 15 | 14 |
| 2ND DOLLY | 118 | 20 | 20 |
| 3RD TL | 111 | 24 | 23 |
| TOTAL | 670 | 128 | 113 |

INSPECTION RESULTS FOR TRIPLES

MECHANICAL DEFECT TYPE BY VEHICLE UNIT

1986 THROUGH 1990

| | TRAC | FIRST TL | FIRST DOLLY | SECOND TL | SECOND DOLLY | THIRD TL |
|---|---|---|---|---|---|---|
| BRAKE | 86 | 66 | 91 | 81 | 96 | 71 |
| SUSP | 3 | 2 | 3 | | 3 | 6 |
| STEERING | 6 | | | | | |
| TIRE | 2 | 7 | 1 | 4 | 2 | 2 |
| WHEEL | 1 | 3 | 2 | 3 | 4 | 3 |
| COUPLING | 9 | 2 | 7 | 3 | 8 | |
| CARGO | 1 | | | | | |
| FRAME | 1 | | 2 | 1 | 3 | |
| FUEL | 2 | | | | | |
| HAZ MAT | 5 | 3 | | 1 | | 1 |
| MISC. | 26 | 1 | | | 2 | |
| | 148 | 86 | 110 | 97 | 118 | 111 |

INSPECTION RESULTS FOR TRIPLES

BRAKE VIOLATIONS BY VEHICLE UNIT

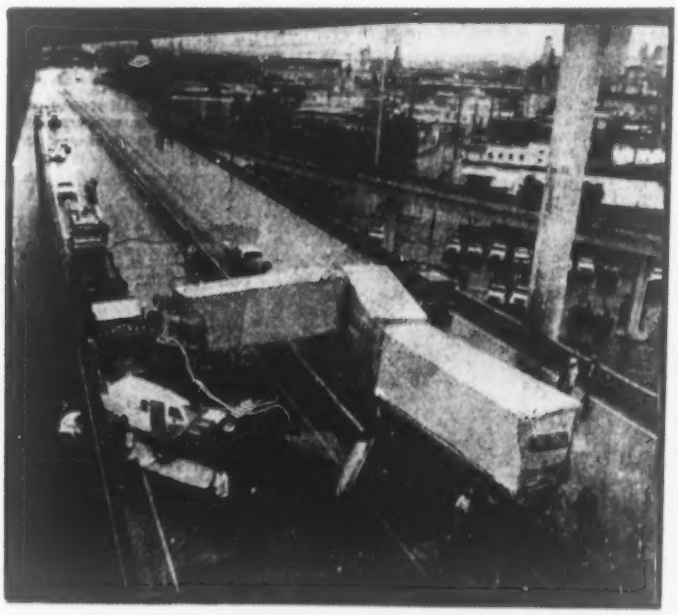
1986 THROUGH 1990

| | TRAC | FIRST TL | FIRST DOLLY | SECOND TL | SECOND DOLLY | THIRD TL |
|---|---|---|---|---|---|---|
| ADJUSTMENT | 48 | 45 | 68 | 52 | 65 | 49 |
| BR. INOP. | 3 | | 2 | 2 | | 2 |
| IMBALANCE | 6 | | 5 | | 8 | |
| LINING | 4 | 3 | | 6 | 3 | |
| AIR LEAK | 4 | | | | | 1 |
| RESERVOIR | 7 | 8 | 9 | 7 | 15 | 6 |
| ANCHOR PIN | | | 1 | | | |
| CAM SHAFT | | | 1 | | | |
| DRUM | 3 | 2 | 1 | 1 | | 1 |
| BR. CHAMBER | 2 | | | | | 3 |
| QR VALVE | 3 | 3 | 1 | 1 | | |
| RELAY VALVE | | 1 | | 1 | 1 | |
| HOSE/LINES | 3 | 4 | 3 | 11 | 4 | 9 |
| WARNING DEV. | 2 | | | | | |
| OTHER/UNK. | 1 | | | | | |
| | 86 | 66 | 91 | 81 | 96 | 71 |

CRASH CITIZENS FOR RELIABLE AND SAFE HIGHWAYS

# THE SAFETY DEBATE ON LCVs:

# CRASH VS. THE AMERICAN TRUCKING ASSOCIATIONS



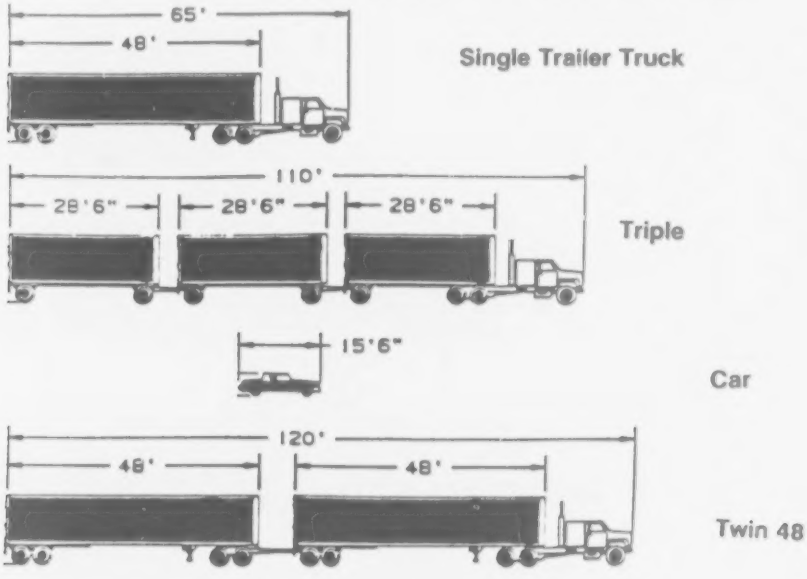
CITIZENS FOR RELIABLE AND SAFE HIGHWAYS
81 Lansing Street, Suite 106, San Francisco, CA 94105-1611; (415) 777-3942

## THE DEBATE BETWEEN CRASH AND THE ATA

Citizens for Reliable and Safe Highways (CRASH) is a nationwide truck safety organization led by Joan Claybrook, President of Public Citizen, and Dr. Gerald Donaldson of Advocates for Highway and Auto Safety. CRASH's 16-member Board of Directors also includes a former U. S. Department of Transportation Secretary, John Volpe, former California Governor Pat Brown, highway safety experts, health professionals, law enforcement officials and the President of the American Insurance Association.

CRASH opposes for safety reasons a trucking industry proposal that, if adopted by Congress, would lead the way to nationwide use of "Twin 48s," Rocky Mountain Doubles and Triple trailer trucks (Longer Combination Vehicles or "LCVs").

A "Twin 48" is two 48 foot trailers on the back of one tractor — it weights as much as fifty cars. A Triple trailer truck is just what it sounds like — a tractor pulling three trailers. A Rocky Mountain Double is a tractor hauling one 48-foot trailer and one 28-foot trailer.



CRASH's other goals are to prevent truck crashes caused by:

1. fatigued truck drivers
2. poorly maintained trucks, and
3. drug or alcohol impaired truck drivers

Although CRASH has been warmly embraced by the highway safety community, CRASH has been attacked by the American Trucking Associations ("ATA"). The ATA denies that fatigue, drugs and poor maintenance are serious problems for the trucking industry and argues that "Triples" and Twin 48s are safe.

The issue will come to a head soon, as both CRASH and the ATA will try to add amendments to the Highway Bill that Congress will pass this year. The ATA amendment would raise the federal maximum truck weight limit from 80,000 pounds to about 135,000 pounds (or eliminate the weight limit entirely), and would open the door for Triples, Rocky Mountain Doubles and Twin 48s to run everywhere in the United States.

The CRASH amendment would prevent the further spread of LCVs and would end their use in those states where they are currently allowed. The amendment would result in the compilation of accurate accident and related data so that reliable accident rate studies could be undertaken. Finally, it would enable law enforcement officers to enforce truck maintenance laws that are frequently ignored today.

The debate between CRASH and the ATA is robust. Here it is.

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# EXECUTIVE SUMMARY

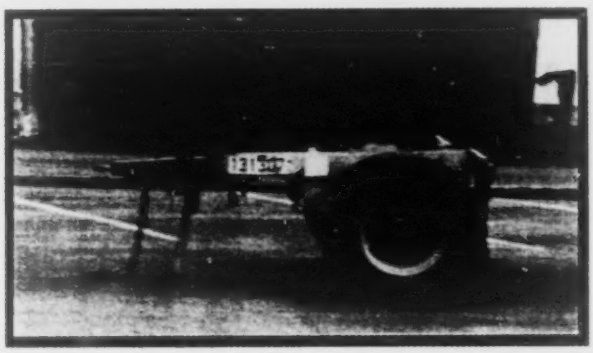
## EXECUTIVE SUMMARY

An analysis of the scientific literature leads to the following conclusions:

1. **The Engineering Of LCVs Makes Them Unsafe**

   a. **Inherent Instability**

   A Triple trailer truck consists of six pieces of equipment: a tractor, two converter dollies and three trailers. A converter dolly looks like this:



   Points where one piece is linked to another are called "articulation joints." A Triple has **five** articulation joints:

   The articulation joints permit swivelling, and are necessary if these truck trains are to maneuver around corners and on highway ramps. However, they also make them dangerously unstable.

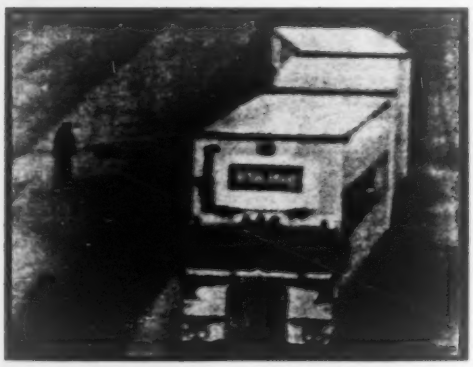
3

A Triple trailer truck's instability can be easily detected on the highway in what is called "sway." Even on a windless day, the three trailers continually move back and forth in serpentine fashion as the Triple moves down the highway.

These five articulation joints also dramatically increase the severity of the "Crack-the-Whip Effect" (explained below) which can cause trailer separation or overturn.

b. **Braking**

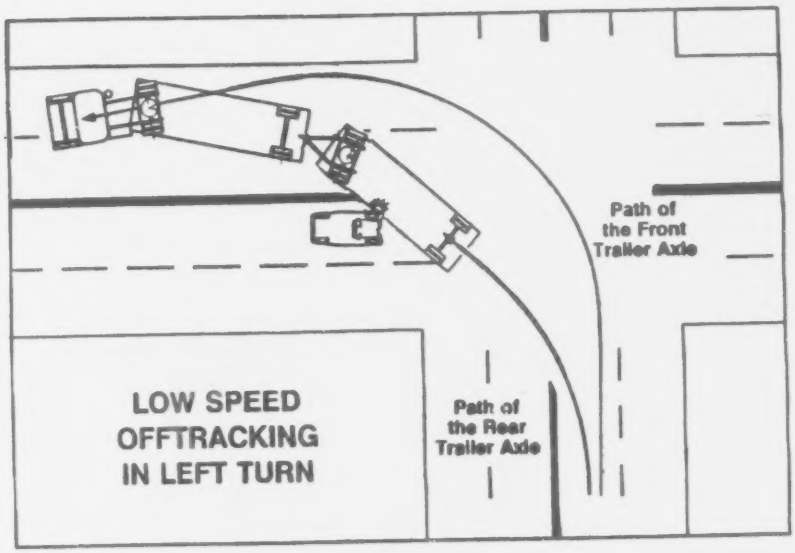
The real world braking problems of Triples and Twin 48s are far worse than those of single trailer trucks due to the LCVs' heavier weights, more trailers, longer lengths and LCVs' greater likelihood of hauling a mix of both loaded and empty trailers.



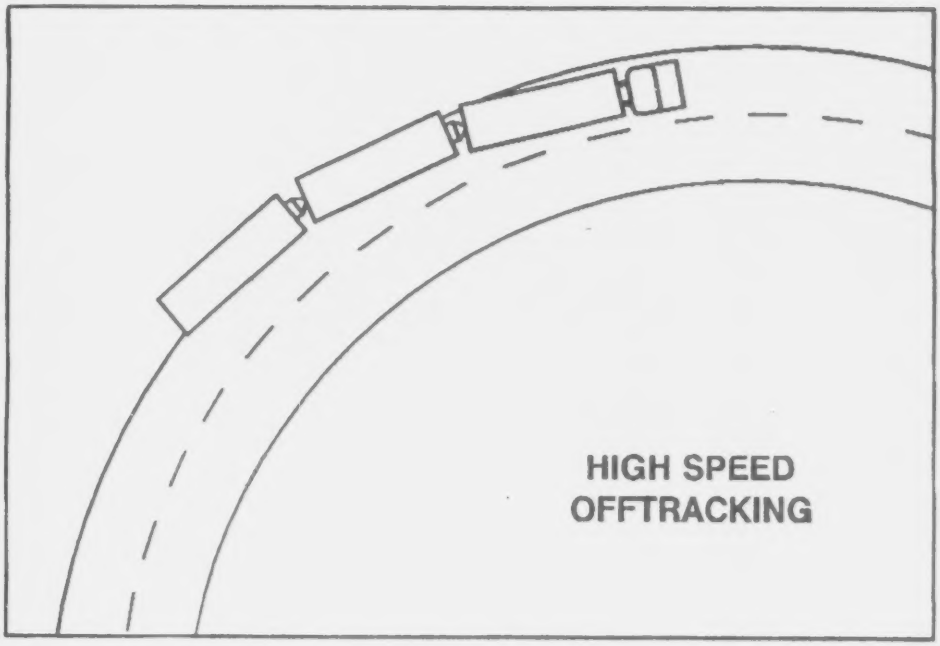
*3rd Trailer hurled to side during braking test by California Department of Transportation ("Caltrans")*

c. **Offtracking**

"Offtracking" occurs when the trailers's rear wheels do not follow the path of the tractor's front wheels.



5




The high speed offtracking of LCVs is much worse than that of single trailer trucks. High speed offtracking can cause LCVs to swing into oncoming lanes of traffic, to hit objects alongside the roads, to cross over curbs and gutters and to overturn.

6

Low speed offtracking of Twin 48s is much worse than that of Single trailer trucks.

*2nd Trailer of Twin 48 making left turn during Caltrans test would have hit automobile had auto driver not backed up.*

AASHTO, the association of state highway officials, concluded that LCV offtracking makes it impossible for 57% of the Interstate interchanges to safely accommodate Triples and for 75% of the Interstate interchanges to safely accommodate Twin 48s.

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The U. S. Department of Transportation concluded in a Congressionally mandated study that:

> Most interchanges on the Interstate system cannot safely accommodate LCVs — even the most maneuverable Triples.

**d. Jackknifing**

Studies in northwestern states indicate that Triples and Double 28s are much more prone to jackknife than are single trailer trucks.

**e. No Driver Control Over Last Trailer**

A TRB truck driver survey found that drivers of Double 28s have difficulty seeing the rear of the truck and have difficulty detecting quickly when the second trailer of a Double 28 starts an unusual motion.

Since Twin 48s and Triples are much longer than Double 28s and Triples are much more unstable than Double 28s, an AAA Foundation Study of drivers indicates that more than 80% of drivers appear to agree with the final conclusion of Roy Roper, an experienced Triples driver:

> As far as I'm concerned, Double [28s] aren't really that safe, but you can control them a little bit. But Triples and their third trailer — you really just have no control of it back there.

2. **LCV Engineering Problems Cause Crashes**

Studies show that LCV instability caused by multiple articulation joints, the "Crack-the-Whip Effect," LCV braking problems and LCV offtracking cause crashes, crashes that would not have occurred with a Single trailer truck.

3. **LCVs Are Incompatible With Cars In Traffic**

LCVs move more slowly than other trucks on upgrades. These slower speeds have proven unsafe. Trucks which travel 15 mph below the prevailing speed of other vehicles have accident involvement rates **nine times** higher than those that travel at the same speed as other traffic.

*Twin 48 moves so slowly on upgrade during Caltrans test that it is passed by two Single trailer trucks. All 3 lanes of freeway are filled by trucks.*

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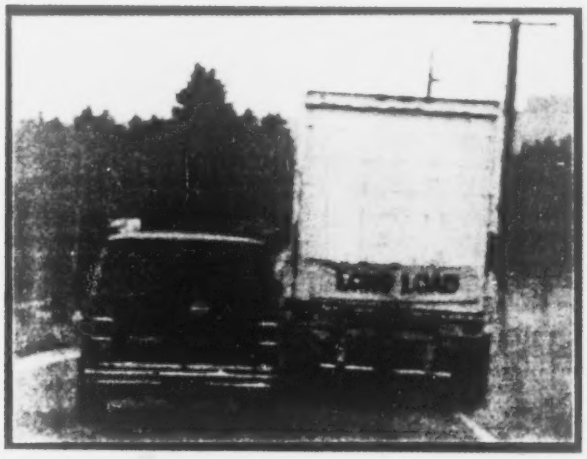
LCVs also accelerate more slowly than other trucks when maneuvering on crowded freeways and roads. Lane changes and freeway merging by LCVs disrupt traffic. Furthermore, LCVs' slower acceleration speeds when traveling from an onramp onto the acceleration lane (merge lane) of the freeway are unsafe. The traffic acceleration lanes designed for cars and Single trailer trucks are too short for the longer and heavier LCVs to accelerate to prevailing highway speeds.

Motorists who pass or are passed by LCVs in wet weather will be blinded by splash and spray on their windshields for much longer periods than motorists who pass or are passed by Single trailer trucks. This can cause an increased risk of accidents.

Passing LCVs takes more time and distance — up to 20% more — increasing safety risks particularly on two-lane, undivided highways.



*It took 12 seconds for the van driver to pass this Triple.*

4. **Multi-Trailer Truck Accidents Are More Severe**

Since LCVs have more trailers, are longer and are less stable than Single trailer trucks, there is a greater risk when an LCV is involved in an accident that the multiple units will be thrown into adjacent or oncoming lanes of traffic. This can lead to more severe accidents.

5. **Multi-Trailer Trucks Are Disproportionately Involved (Over-Involved) In Accidents**

Contrary to the conclusions of the ATA Foundation Study, the Transportation Research Board reported the general consensus that Multi-trailer trucks have a higher accident rate than Single trailer trucks.

The more recent and more detailed studies which scientifically control for type of highway traveled have found a significant over-involvement by Multi-trailer trucks in fatal and non-fatal accidents. The University of Michigan Transportation Research Institute found Multi-trailer trucks to be 32% over-involved in fatal accidents. The Insurance Institute for Highway Safety found Multi-trailer trucks to be 200% over-involved in interstate highway accidents.

In sum, there are five reasons why Longer Combination Vehicles are unsafe:

1. The engineering of LCVs make them dangerous.

2. The LCV engineering problems cause crashes that would not have occurred with Single trailer trucks.

3. LCVs are incompatible with cars in traffic.

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4. Due to their greater length and instability and their greater number of trailers, Multi-trailer truck accidents are more severe than Single trailer truck accidents. When a Multi-trailer truck has an accident, people are more likely to be killed or injured.

5. Multi-trailer trucks are disproportionately involved (over-involved) in accidents compared to Single trailer trucks.

The risk to motorists, pedestrians and cyclists who must share the road with Triples and Twin 48s is unacceptably high. Truck drivers should not be forced to drive them.

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# LCV ENGINEERING PROBLEMS

13

## THE INHERENT INSTABILITY OF LCVs

Triples are inherently dangerous for many reasons. Three of the many reasons are:

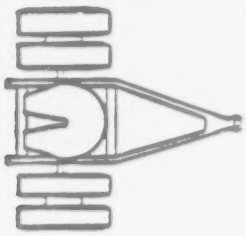
1. **Five Articulation Joints**

A tractor-semitrailer has only one articulation joint. A Double trailer truck has three articulation joints. A Triple trailer truck has five articulation joints. For all practical purposes, the more articulation joints, the more dangerous the vehicle.

An articulation joint is the point where a trailer connects to a tractor or to a converter dolly and upon which swivelling is possible. Without these articulation joints, these super-long trucks could never go around curves or turn at intersections.

It is also the feature which allows trucks to jackknife. A Single unit truck (as shown below) has no articulation joint and cannot jackknife.

A Triple trailer truck is made up of six separate pieces of equipment — a tractor, two converter dollies and three trailers — and five articulation joints. A converter dolly, when viewed from the top, looks like this:



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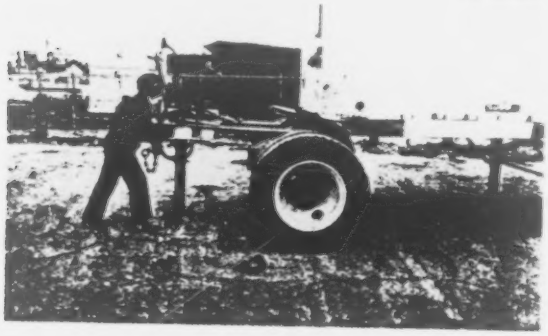
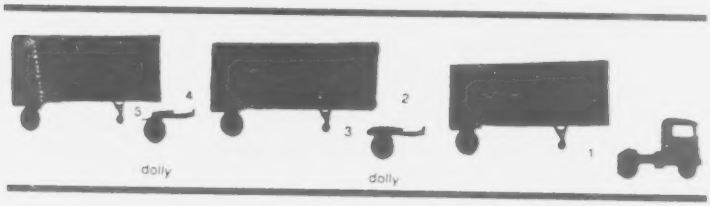
The dolly is connected to a trailer as shown below:



The five articulation joints of a Triple can be best understood by diagraming the six pieces of equipment before they are connected:




Those five articulation joints greatly increase the risks of jackknife, dangerous sway, overturn and trailer separation. The five articulation joints also dramatically increase the severity of the "Crack-the-Whip Effect," which amplifies forces throughout the rig. (See below.)

2. **Sway**

A Triple trailer truck travelling on a straight freeway, even on a windless day, can look like a snake slithering down the road. Due to the five articulation joints, the three trailers continually sway back and forth as the truck moves forward.

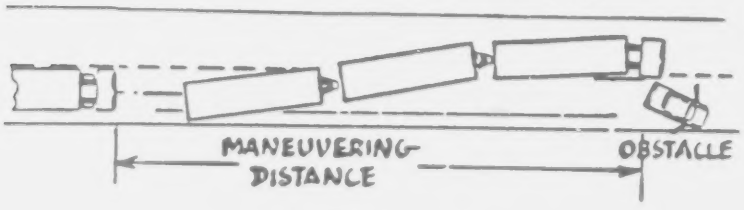
A road test by the California Department of Transportation found that the third trailer sometimes sways as much as three feet.[1]

3. **The "Crack-the-Whip Effect"**

When the driver of any articulated vehicle makes a rapid steering maneuver by moving the steering wheel in one direction and then back in the opposite direction — for example to avoid a road hazard — the sideways motion is amplified as it passes through the connecting dollies and trailers.[2]

The end trailer is swung a great distance laterally one way and then the other, creating a violent cracking movement known as the "Crack-the-Whip Effect."

The "Crack-the-Whip Effect" occurs when an articulated vehicle makes an abrupt evasive steering maneuver such as that shown below:




[1] California Department of Transportation, *Longer Combination Vehicle Operational Test*, March 1984, pp. iii and 24.

[2] R. D. Ervin, R. L. Nisonger, C. C. McAdam and P. S. Fancher, "Influence of Size and Weight Variables and the Stability and Control Properties of Heavy Trucks," Vol. I, University of Michigan Transportation Research Institute, 1983, pp. 22, 29.

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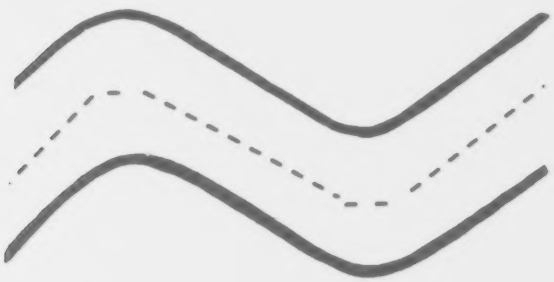
The "Crack-the-Whip Effect" also occurs when the driver of an articulated vehicle makes a lane change at moderate or high speed or when the driver negotiates a sharp curve or an S curve:



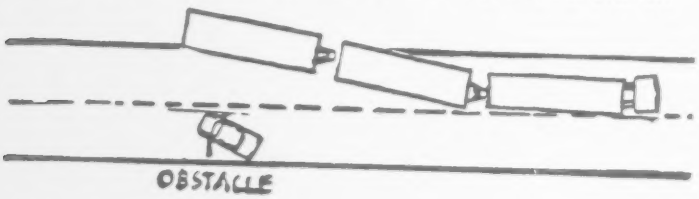
The "Crack-the-Whip Effect" can be understood by visualizing six school children playing the child's game of "crack-the-whip" on ice skates. The six join hands, creating five articulation joints. The first child (who is the equivalent of a tractor in a Triple trailer truck) starts the group skating through some gentle S curves. The distance skated by the first child is not very great. The force begun by the first child, however, is amplified as it moves through the five articulation joints (i.e., the five sets of clasped hands of the children). The sixth child is therefore whirled in a wide arc. Even on the gentle S curves, the last child must skate as skillfully as she can to keep her balance and resist the forces which threaten to topple her.

The first child then tightens the S curves. Each time the first child changes direction, a new force is created, which is also amplified as it moves through the six children's clasped hands. The sixth skater is hurled one way and then the other.

If the sixth skater is able to hold on at all, she will do so only after resisting violent cracking forces akin to those exerted on the tip of a cracked whip. Usually, the force is so strong that the sixth child loses her grasp of the fifth child's hand and is sent flying away from the group or is sent tumbling on the ice.

The mechanics are the same when a Triple trailer truck driver makes an abrupt evasive maneuver, changes lanes or negotiates a sharp curve or an S curve. The tractor moves quickly, but not a great distance, in one direction and then another.

Because of the articulation joints, however, that motion is greatly amplified as it moves through the trailers and connection units (dollies). The distance moved by the third trailer will be much greater than the distance moved by the tractor. The third trailer will be swung into adjacent lanes of traffic or the shoulder. When the driver turns the tractor steering wheel back to straighten the path of the tractor, the third trailer will be yanked back by a violent, cracking force which can result in trailer separation or overturn.




The Office of Motor Carriers in the U. S. Department of Transportation in March 1991 sent out a special alert to all truckers and trucking companies warning that

> small tractor steering movements or braking applications, particularly in a lane change, are magnified by a second trailer and can reach uncontrollable levels, producing considerable yawing and subsequent rollover.[3]

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[3] Office of Motor Carriers, United States Department of Transportation, "On Guard: The Hazards of Operating Multiple Trailers," Vol. 20, No. 1, March 1991, p.1.

18

According to the University of Michigan's Transportation Research Institute, the "Crack-the-Whip Effect" on the third trailer on a Triple trailer truck is **3½ times** greater than it is on the trailer of a Single trailer truck.[4] Therefore, many evasive steering maneuvers, lane changes, sharp curve or S curve movements that can be performed safely by an 18-wheeler can cause a Triple to overturn, separate or hit adjacent objects.

The danger of the "Crack-the-Whip Effect" is illustrated by a Triples accident in the Autumn of 1989. An automobile driver hit a deer, pulled off the freeway onto the shoulder and got out to examine the damage to his car. Shortly thereafter, a Triples driver came upon the deer lying on the roadway where it had been struck and swerved to the right to avoid it. The tractor and the first two trailers passed safely between the deer and the auto driver. However, because of the "Crack-the-Whip Effect," the third trailer tipped up to a 20 degree angle on its right wheels and swung into the motorist, killing him instantly. Had the third trailer tipped another one or two degrees, it would have rolled over onto the automobile in which the motorist's wife and two grandchildren were waiting.

**ATA REBUTTAL:**

The ATA challenges the University of Michigan finding that the "Crack-the-Whip Effect" for a Triple is **3½ times** as great as that of a Single trailer truck by arguing in a White Paper that "the findings of the study were derived from computer modeling based on evasive maneuvers in worst-case conditions rather than actual accident experience."[5]

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[4] R. D. Ervin, supra note 2, p. 161.

[5] ATA White Paper delivered to House and Senate staffs of Public Works subcommittees responsible for surface transportation in August 1990 (hereinafter "ATA White Paper").

The ATA White Paper also argues that the "Crack-the-Whip Effect" is not dangerous since "drivers of twin-trailers and 'triples' are required to obtain a special license endorsement based on a written examination which addresses the stability issue, the importance of smooth steering and the importance of avoiding the need for evasive maneuvers. Pertinent information is incorporated in the Commercial Driver License Manual."[6]

Finally, the ATA argues that "the rollover threshold is not affected by truck configuration. Existing tractor-semitrailers and five axle Doubles have similar rollover threshold values. We know of no statistics regarding separation when a rear trailer overturns."[7]

## CRASH RESPONSE:

a. **Truck Drivers License Manual**

CRASH doubts that an admonition in an exam or in a drivers license manual to avoid the need for evasive maneuvers will eliminate them. Even the best drivers encounter emergency situations. Occasionally, the best drivers will need to make evasive maneuvers. Every driver encounters sharp curves and S curves. Every driver makes lane changes.

CRASH notes that the truck drivers license manual referred to in the ATA White Paper states that the "Crack-the-Whip Effect" for Triples is **3½ times** that of Single trailer trucks and cites the University of Michigan study as the source for that statistic.

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[6] ATA White Paper.

[7] ATA White Paper.

20

b. **Methodology Of University Of Michigan Study**

The University of Michigan Transportation Research Institute engineers are highly respected. No one other than the ATA has challenged the methodology used for the study. The computer models in the study were based on actual truck vehicle road tests and the models' results were tested against actual vehicle tests.

c. **"Crack-The-Whip Effect" And Rollover**

The assertion that the number of trailers is unimportant and that the rollover threshold for Double trailer trucks is similar to that for Single trailer trucks is simply wrong. The U. S. Department of Transportation's March 1991 special alert to all truckers and trucking companies warned:

> The chances of the rear trailer unit rolling over during a sharp turn vary with the combination trailer unit configuration. The last trailer of a triple with 27-foot trailers is 3½ times more apt to roll over in a sharp turn than a 5-axle tractor semi-trailer with a 45-foot trailer.[8]

According to the University of Michigan study, the "Crack-the-Whip Effect" for Double 28 foot trailer trucks is **2 times** that for Single trailer trucks. The "Crack-the-Whip Effect" for Triples is **3½ times** as great.[9]

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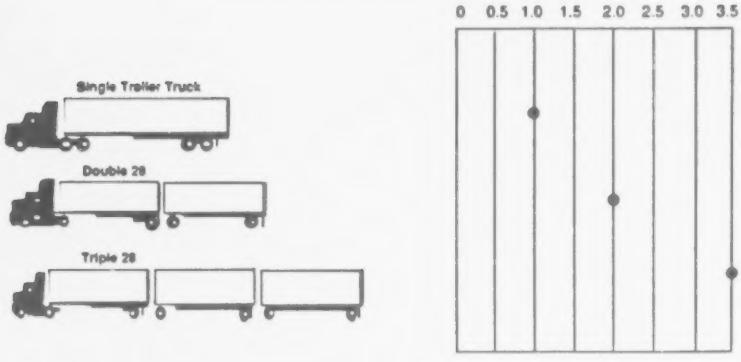
[8] Office of Motor Carriers, U. S. Department of Transportation, supra note 3, p.1.

[9] R. D. Ervin, supra note 2, p. 161. Note the following discussion of rollover in articulated vehicles in the University of Michigan study: "Another case in point concerns a dynamic response characteristic which is known to be particularly manifested by the multiply-articulated [sic] truck combinations—truck/full trailers, doubles, and triples. This phenomenon will be defined later as the 'rearward amplification' ['crack-the-whip'] characteristic by which a snaking action is set up in multiple-element trains during rapid steering maneuvers such as may be

*footnote continued next page*

## "Crack the Whip Effect" or Rearward Amplification




**d. Trailer Separation**

Although the ATA may not be aware of the statistics regarding separation when a rear trailer overturns, the scientific literature is full of such statistics:

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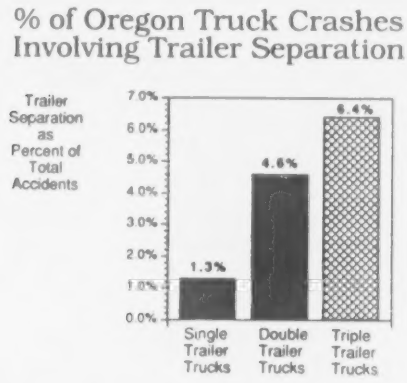
*footnote continued from previous page*
undertaken to suddenly avoid an obstacle. This phenomenon is such that the rearmost trailer element experiences an amplified tendency to be rolled over in the maneuver. The accident record is known to contain various examples of multiple-trailer configurations which have suffered an extraordinarily high incidence of accidents in which only their rearmost trailer has overturned [citations]. Thus, in the examination of the various types of multiple-trailer combinations and the sensitivity of these combinations to loading and length variations, the 'rearward amplification' characteristic has been quantified as a key indicator of stability and control behavior . . .

The left-then-right sequence tends to set up a 'crack-the-whip' motion in vehicle combinations having multiple articulation points. This type of motion response is of safety interest, as suggested earlier, because of the increased likelihood that the rearmost trailer in such combination vehicles will experience a rollover." R. D. Ervin, supra note 2, pp. 22, 29.

22

- A study of truck accidents in Oregon from 1985 through 1990 found that only 1.3% of the Single trailer truck accidents resulted in trailer separation, but that 4.6% of the Double trailer truck accidents involved trailer separation and 6.4% of the Triples accidents involved trailer separation.[10]




- A two-year study of Single trailer truck and Double trailer truck accidents in Washington State found that trailer separation occurred in 25% of the crashes involving a Double trailer truck, but that less than 1% of the Single trailer truck crashes involved trailer separation.[11]

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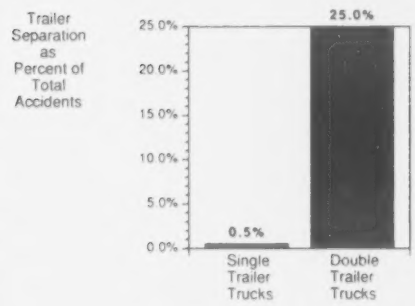
[10] Oregon Public Utilities Commission, "Triple Trailer Combinations Accidents and Inspections in Oregon 1985 through 1990," March 1991, p. A-4.

[11] H. S. Stein and I. S. Jones, "Crash Involvement of Large Trucks by Configuration A Case Control Study," *American Journal of Public Health*, May 1988, Vol. 78, No 5, pp 497-498.

## % of Washington State Truck Crashes Involving Trailer Separation




- A study at the University of North Carolina on North Carolina truck accidents found that Twin trailer trucks are over-represented in accidents where trailer separation occurs prior to a collision or rollover. None of the Single trailer truck accidents involved trailer separation, but more than 10% of the Twin trailer truck accidents involved trailer separation. More than half of those accidents involved trailer separation before any collision or rollover.[12]

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[12] Forrest Council and William Hall, "Large Truck Safety: An Analysis of North Carolina Accident Data," Highway Safety Research Center, University of North Carolina. 33rd Annual Proceedings, Association for the Advancement of Automotive Medicine, October 2-4, 1989, pp. 91, 100-101.

24

- Twenty percent of the Double 28 trailer truck accidents studied in Pennsylvania involved trailer separation.[13]

- Fifteen percent of Double trailer truck crashes studied by the National Highway Traffic Safety Administration involved trailer separation.[14]

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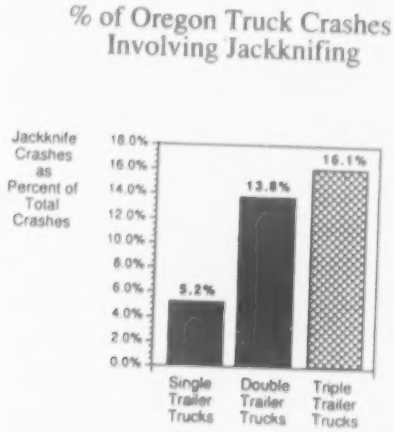
[13] Transportation Research Board, National Research Council, *Twin Trailer Trucks*, Special Report 211, Washington, D. C., 1986, p. 142.

[14] Id.

## JACKKNIFING

Triple trailer trucks are much more likely to jackknife than are Single trailer trucks. Double trailer trucks are also more apt to jackknife than Single trailer trucks.

In a study of Triple, Double and Single trailer truck crashes in Oregon from 1985 to 1990, the Oregon Public Utility Commission found that 5% of Single trailer truck accidents involved jackknifing, but that 14% of the Double trailer truck accidents and 16% of the Triple trailer truck accidents involved jackknifing.[15]




[15] Oregon Public Utility Commission, supra note 10, p. A-5

**26**

A study of truck accidents in Washington State found that the percentage of Double trailer truck accidents involving jackknifings was more than twice as high as the percentage of Single trailer truck accidents involving jackknifing.[16]

**ATA REBUTTAL:**

None known to CRASH.

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[16] H. S. Stein and I. S. Jones, supra note 11, page 498, Table 5

## BRAKING BIGGER AND HEAVIER TRUCKS

### LARGE TRUCKING COMPANY:

One of the largest Interstate trucking companies has said: "Triples have more tires (26) than a standard Single 48 foot trailer truck (18 tires). More tires mean more brakes. Braking performance is related to the weight carried by each axle on a truck, not the total gross weight of the vehicle. With reduced weight at each axle compared to a Single trailer truck, Triples have less work to do at each brake."[17]

### CRASH RESPONSE:

Recent braking tests of Triples indicate they are capable of stopping in the same distance as Single trailer trucks. These tests, however, are performed under ideal conditions. The equipment is relatively new, is well maintained and is evenly loaded. The brakes are fully adjusted. The roadways are good. The test drivers are expert and fully alert.

Like all trucks, Triples and Twin 48s are not driven on the highway under such ideal conditions. Consequently, their handling in over-the-road real world situations frequently varies dramatically from test track handling.[18]

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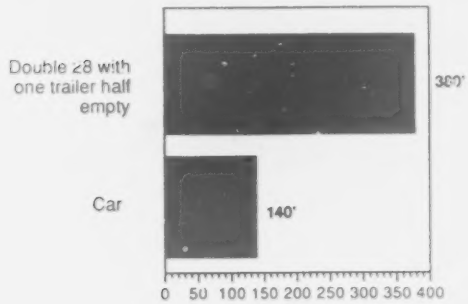
[17] These statements are made in an 8½ minute video on Triples made by Yellow Freight, one of the largest trucking companies in the United States (hereinafter "Yellow Freight Video").

[18] R. W. Radlinski, "NHTSA's Heavy Vehicle Brake Research Program — An Overview," Eleventh International Technical Conference on Experimental Safety Vehicles, Washington, D. C., May 12-15, 1987, pp. 762-766.

28

Brake systems for all kinds of trucks are antiquated.[19] Unlike hydraulic brakes of passenger cars that immediately respond when drivers apply their brakes, truck air brakes take as long as a one-half to three quarters of a second after the driver hits the brake pedal before the air brakes are fully activated.[20] This is one of the reasons why passenger cars have shorter stopping distances than trucks, particularly Multi-trailer trucks with one or more trailers empty or partially empty.[21]

Stopping Distances of Cars and Double Trailer Trucks on Dry Roads.

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[19] In 1972 the National Transportation Safety Board detailed the many problems with tractor-trailer brakes based on antiquated 1950s' technology, but few of those problems have been solved. National Transportation Safety Board, "Commercial Motor Vehicle Braking," NTSB Report HSS-72-5, 1972.

[20] R. W. Radlinski, "NHTSA's Heavy Vehicle Brake Research Program — An Overview," Eleventh International Technical Conference on Experimental Safety Vehicles, Washington, D. C., May 12-15, 1987, p. 764.

[21] Insurance Institute for Highway Safety, "Big Trucks and Highway Safety," 1985, p. 12; R. D. Ervin, supra note 2, page 119.

In addition, air brakes are very susceptible to environmental contaminants such as dirt, can lose power because of leaks in air lines and connections, and become significantly worn and lose capacity by overheating on grades in mountainous areas. Truck stopping distances are dramatically increased when their brakes are out of adjustment.

Although all truck brakes have these problems, the real world braking problems of Triples and Twin 48s are far worse than those of Single trailer trucks.

1. **Poorly Maintained Brakes**

   Brakes which are defective create worse problems for Longer Combination Vehicles than for Single trailer trucks with brake defects because LCVs have more weight and more trailers.

   (a) **More Weight**

   Fully loaded Single trailer trucks generally weigh 80,000 pounds. Fully loaded Triples generally weigh 110,000 pounds, **37%** more than a Single trailer truck. Fully loaded Twin 48s weigh as much as 135,000 pounds, almost **70%** more than a Single trailer truck.

   If truck brakes are not correctly adjusted, the truck's minimum stopping distance will increase in direct proportion to the increase in the vehicle's gross weight.[22]

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[22] Ervin et al., supra note 2, pp. 55-56.

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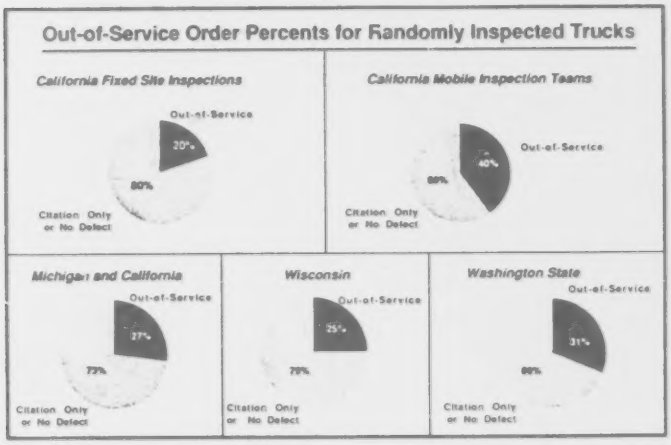
A frightening percentage of big-rigs on the road have brakes that are out of adjustment. More than **25%** of the trucks on the road today have mechanical defects so severe that they should immediately be ordered out-of-service — that is, ordered not to move until the dangerous mechanical defects are corrected.[23] The vast majority of those mechanical defects are defective brakes.[24]

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[23] Semi-random inspections of trucks throughout the country during a three-day period in May of each year (Roadcheck '89, Roadcheck '90, etc.) have found more than 30% of trucks to have out-of-service violations. During Roadcheck '89, 31,000 trucks were inspected at 160 locations in 47 states. Inspectors ordered **32%** of the trucks out of service (memorandum from Stephen Crane, Regional Director, Office of Motor Carrier Safety, Federal Highway Administration, Albany, New York to John Hibbs, Director, Office of Motor Carrier Safety, Field Operation, Washington, D. C., May 26, 1989). During Roadcheck '90, **30%** of inspected vehicles were ordered out of service. (Interview with Milt Schmidt, Inspection Coordinator, Regional Office, Director of Office of Motor Carrier safety, Albany, New York, August 1990.)

*Footnote continued on next page.*

[24] Congress of the United States, Office of Technology Assessment, "Gearing Up for Safety" Summary, 100th Congress, p. 14.

*Footnote continued from preceding page.*
Not all Roadcheck inspections are completely random. Indeed, some states' inspections are selective. In some states those trucks in apparently poor condition or with obvious safety defects are inspected first.

However, the U. S. Congress' Office of Technology Assessment found that "even in states where efforts are made to perform completely random inspections, **30%** of inspected vehicles are being put out-of-service. (Congress of the United States, Office of Technology Assessment, "Gearing Up for Safety," Summary, 100th Congress, p. 5.)_ California, for example makes only completely random truck inspections. The percentage of out-of-service violations found ranges from a low of 20% at the fixed site inspection locations (which drivers of poorly maintained vehicles can avoid by careful route planning) to a high of 40% at the surprise inspections conducted by mobile inspection teams. (Interview on January 3, 1991 with Captain Larry Rollin, Chief, Commercial and Technical Services Section, California Highway Patrol.)Carefully controlled random inspection of trucks in four states confirms the findings of the Office of Technology Assessment. All found that at least **25%** of the randomly selected trucks had out-of-service violations.

1. **California and Michigan**
   In 1987, Michigan and California Highway Patrol inspectors randomly selected a total of 604 trucks for inspection. **Twenty-seven percent** (166 trucks) had out-of-service violations. (Rae Tyson, "What Four State Truck Inspections Found." *USA Today*, March 24, 1987.)

2. **Wisconsin**
   Random truck inspections at Kegonsa and Utica near Madison found that **25%** of the inspected trucks had out-of-service violations. (B. Davis, "Preliminary Results of MCSAP Random Sample Inspections at Kegonsa and Utica Scales Southeast of Madison on Interstate 90, Wisconsin State Patrol, 1986.)

3. **Washington State**
   The Washington State Patrol randomly selected trucks on Washington Interstates for inspection over a two-year period from 1984 to 1986 as part of a study designed by the Insurance Institute for Highway Safety. **Thirty-one percent** of the randomly selected trucks were ordered out-of-service. (I. S. Jones and H. S. Stein, "Defective Equipment and Tractor-Trailer Crash Involvement," *Accident Analysis and Prevention*, Vol. 21, No. 5, 1989, pp. 469-81.)

32

If Triples and Twin 48s come into widespread use, it is likely that they will have similar ratios of serious braking problems. Indeed, 73% of the maintenance violations found in Triples in Oregon between 1985 and 1990 concerned braking systems.[25]

Although the additional axles of Triples and Twin 48s will compensate to a certain degree for their added weight, Longer Combination Vehicles (which when fully loaded, are generally significantly heavier than 80,000 pounds) with brakes out of adjustment will have substantially longer stopping distances than 80,000 pound trucks with brakes out of adjustment.

(b) **More Trailers**

Federal regulations require drivers to check their brake adjustment before embarking on a trip, a task which usually takes about 30 minutes. Out-of-service order statistics (discussed above) indicate this regulation is frequently ignored at the beginning of a trip. However, even those drivers who spend 30 minutes checking brakes at the start of a trip rarely take the time to check brake adjustment on trailers they pick up during the trip.

Yet, Longer Combination Vehicle drivers frequently stop several times during the course of a trip to drop off a trailer or pick up a new one. Rather than delay the trip by doing a new brake inspection, they usually hook up and get on the road. The brakes on the new trailer are thus more likely to be out of adjustment than the trailer brakes with which the driver started the trip.

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[25] Oregon Public Utilities commission, supra note 10, page 11.

2. **Truck Length**

The additional length of these Triples as well as the physical connection of another trailer to the air brake system of a tractor trailer truck significantly increases the brake application time before all brakes are activated.[26] This extra delay could be 0.2 seconds or more, which at highway speeds means that the longer truck would travel about an additional 16 feet, approximately one car length, before its brakes were fully applied.

3. **Tractors Hauling Both Loaded and Empty Trailers**

It is a common practice for Double and Triple trailer truck drivers to haul one or two fully loaded trailers and one or two empty trailers as a back haul or transfer. These uneven trailer loads can be dangerous in emergency braking situations.

The reason: big-rig brakes are designed for the fully loaded condition. The air brakes (which have fixed braking forces) apply sufficient pressure to the wheels of the tractor and the wheels of each of its trailers to stop each when fully laden. If, however, one of the trailers is empty, it will be severely overbraked and will prematurely lock up. In emergency situations involving sudden braking, the empty trailer(s) will immediately lock up and tend to swing out of control into adjacent lanes of traffic.

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[26] Richard W. Radlinski & Mark A. Flick, "Tractor and Trailer Brake System Compatibility," Society of Automotive Engineers (SAE) Paper 861942, 1986, p. 8

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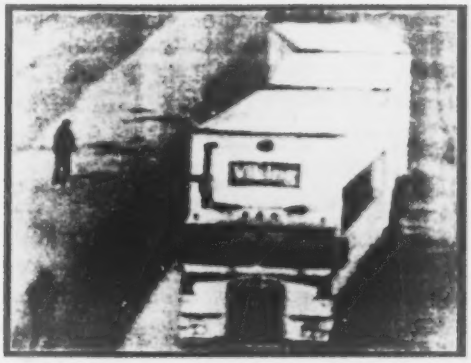

*Had the 3rd trailer been empty and the 1st and 2nd trailers full, 3rd trailer swing during this Caltrans braking test would have been much worse.*

The overbraking on the empty trailers will cause vehicle instability even at relatively low deceleration levels.[27]

Controlled braking studies with Double 28s demonstrate the dramatic difference in stopping distance resulting from uneven trailer loads.[28] Full Double 28s loaded to 80,000 pounds travelling at 55 mph can stop within 200 feet on a dry road.[29] Double 28s with one trailer full and the other half-empty take 380 feet to stop on a dry road.[30] If, however, the road is slippery, the same fully loaded Double 28 takes 400 feet to stop.[31] A Double 28 with one loaded and one half-empty trailer on a slippery road takes 900 feet to stop.[32]

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[27] Radlinski, supra note 20, page 761.

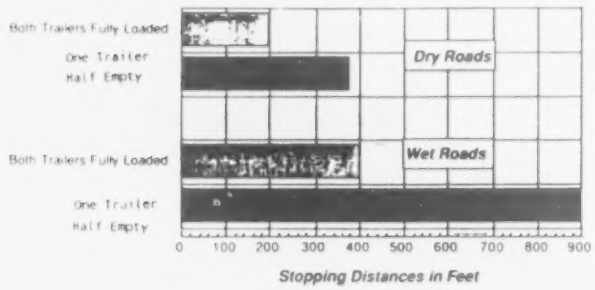
[28] R. D. Ervin, supra note 2, page 119.

[29] Id.

[30] Id.

[31] Id.

[32] Id.




Braking Triples with uneven loads appear to present even more problems than does braking Double 28s with uneven loads for three reasons. First, Triples are longer than Double 28s. Second, Triples have more articulation joints than Double 28s, and therefore more instability. Finally, since Triples have more trailers than do Double 28s, triples present more opportunities to have uneven loads.

4. **Brake System Incompatibility of Coupled Trailers**

It is crucial that the brake systems on each of the six pieces of equipment of a Triple work together and that all components are compatible. With widespread use of Triples, it will be very difficult for the average truck fleet to accomplish this. It is difficult to ensure compatibility when one is picking up and dropping off trailers all over the country.

Testing of truck combinations with poor timing and brake actuation compatibility show such incompatibility increases stopping distances by as much as **25%** on a wet roadway.[33]

[33] Richard W. Radlinski and Mark A. Flick, "Tractor and Trailer Brake System Compatibility," SAE Paper 861942, 1986.

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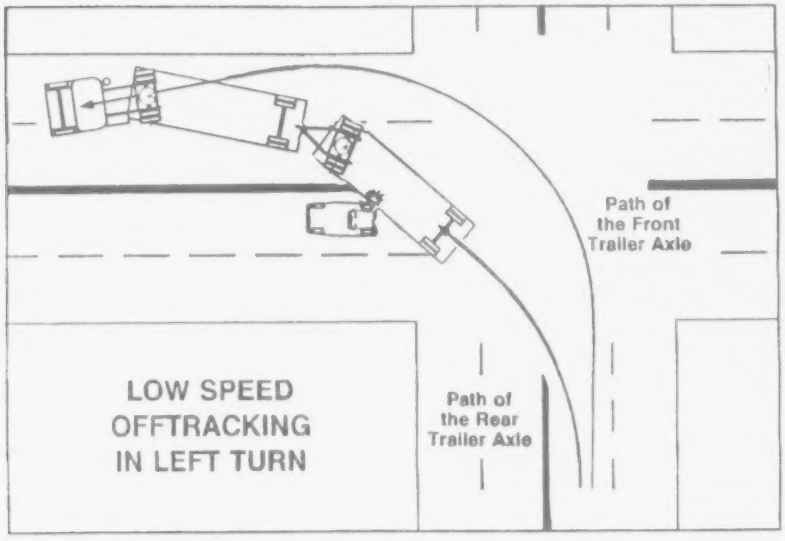
## OFFTRACKING

Offtracking means that the rear wheels of a trailer do not follow the front wheels of the tractor. Offtracking (diagrammed below) is dangerous because it can cause trailers to swing into adjacent lanes of traffic or force the tractor to go over the center line into oncoming traffic. As a result, trailers often hit curbs, guardrails or roadway signs.



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**LARGE TRUCKING COMPANY:**

The Yellow Freight Video shows a Single trailer truck and a Triple making a 180 degree turn in large, empty, paved lot. The narrator says:

> "Watch. In a turn, the offtracking of a standard semi (which operates almost unrestricted on all city streets and highways) would force a semi to cross the center line to make the turn. Triples can make the same turn and not cross the center line. Or, as in this demonstration, Triples can turn entirely within the turn made by a standard semi. The offtracking for Triples (which operate only on highways where they don't create a traffic problem) is actually less. What this means is that next to Doubles, Triples have the best turning radius of any combination."[34]

**CRASH RESPONSE:**

The Yellow Freight statement is not totally wrong. A Triple making a 180 degree turn at **low speed** will offtrack less than a Single 48 foot trailer truck making the same 180 degree turn at **low speed**. The Yellow Freight statement, however, tells only one small part of the story. Here is the rest:

1. **Low Speed Offtracking for Triples**

   Although low speed offtracking for Triples making a 180 degree turn is modestly less severe (i.e., better) for Triples than it is for Single 48-foot trailer trucks, the road tests performed by the California Department of Transportation ("Caltrans") showed that low speed offtracking for Triples is more severe (i.e., worse) than it is for Single 48-foot trailer trucks making 30, 60, 90, 120 and 150 degree turns.[35]

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[34] Yellow Freight Video.

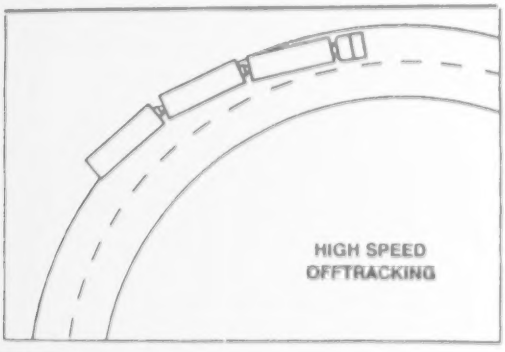
[35] California Department of Transportation, supra note 1, pp. 30, 38-39. Note that a University of Michigan study found that Triples had slightly less severe (i.e., slightly better) offtracking than single 48 foot trailer trucks on 90 degree turns. However, that study also found that "singles with 48-foot semitrailers can only negotiate right-hand turns at normal urban intersections of four-lane streets if the tractor begins in the left-hand lane of the entry road and actually crosses over the centerline of the exit roadway to assure clearance between the trailer tires and the curb." R. D. Ervin, et al., "An Overview of the Dynamic Performance Properties of Long Truck Combinations," University of Michigan Transportation Research Institute, 1984, p. 41.

Caltrans found that Triples encroached two feet into adjacent lanes of traffic when making low speed left and right turns in urban intersections.[36] The U. S. Secretary of Transportation, in a special report requested by the Congress in the Surface Transportation Assistance Act of 1982, concluded that "even Triples must follow extreme paths to make a 90 degree right turn at typical intersections. These paths often must carry the combination into opposing lanes of traffic on both legs of the intersection."[37]

2. **High Speed Offtracking**

Low speed offtracking is important. However, high speed offtracking is even more critical from a safety standpoin.. The Triple and the Twin 48 both offtrack dangerously when those vehicles go around curves at highway speeds or travel loop ramps at typical posted speeds.[38]

High speed offtracking does not produce inward movement (as it does at low speeds) but, because of centrifugal force, the movement is now outward, as diagrammed below.




[36] Id., p. 30

[37] Report of Secretary of Transportation to the United States Congress, "The Feasibility of a Nationwide Network for Longer Combination Vehicles," Federal Highway Administration, Washington, D. C., June 1985, p. III-11.

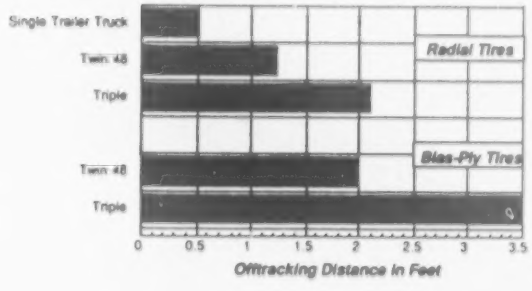
[38] Most of the posted speeds at on-ramps and off-ramps are intended for automobiles, but promote instability and substantial offtracking for LCVs.

39

The outward offtracking is much more severe for a Triple trailer truck than for a Single 48-foot trailer truck. At 55 mph, a Single trailer truck will outwardly offtrack by six inches on the moderate curve utilized in the 1983 University of Michigan Transportation Research Institute analysis. A Twin 48 at 55 mph on the identical curve will outwardly offtrack on that same curve by about 1¼ feet.[39] A Triple will offtrack on the same curve by more than two feet at 55 mph.[40]

If the Triple uses bias-ply tires instead of radials, the outward offtracking on the same curve at 55 mph will be almost 3½ feet; a Twin 48 with bias-ply tires will outward offtrack more than 2 feet.[41]

## Outward Offtracking at 55 MPH




This degree of outward offtracking is dangerous. High speed offtracking of LCVs means that a curb, a guardrail or an automobile in an adjacent lane could be struck by the rearmost trailer. It is particularly dangerous on loop ramps where the trailer might overturn when it strikes the curb or a railing

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[39] Ervin, et al., supra note 2, pp. 154-156.

[40] Id.

[41] Id.

or parapet on an elevated ramp.

3. **Offtracking for Twin 48s**

Low speed offtracking for Twin 48s is extraordinarily severe and dangerous, more severe and dangerous than for any other truck configuration.

The road test by the California Department of Transportation ("Caltrans") found that Twin 48s, even when moving at slow speeds, encountered significant problems on most freeway onramps and offramps.[42]

The right rear tires on the last trailer always swept onto the shoulder, and sometimes actually crossed over the asphalt berm delineating the outside of the shoulder on loop ramps. The Twin 48s were already using as much room as the loop ramps allowed.[43]

*Rear tires of Twin 48 crossed over berm onto unpaved land during Caltrans test.*

[42] California Department of Transportation, supra note 1, p. 19.

[43] California Department of Transportation, supra note 1, p. 19.

41

These problems were observed on the most modern freeways, but were more severe on the older design freeway interchanges which have a concrete gutter and a rolled curb delineating the ramp from its shoulder. During the Caltrans road test, the Twin 48s consistently crossed over and climbed this rolled curb. It was not unusual during the Caltrans test for only one tire of each rear dual tire set to be riding on top of the curb, with the other dual tire being suspended in the air. This creates a significant pressure (¼ of the full trailer weight over a few square inches) on the tires and creates a grave risk of tire blowout.[44]

Twin 48s making left and right turns at urban intersections used up not only all the space in their lane of traffic, but all the space in the adjacent lane of traffic as well.[45] When a Twin 48 tried to make a right turn exit from a trucking company yard onto a four-lane road (Crows Landing Road in Modesto, California), the Twin 48 crossed over both of the two southbound lanes and actually crossed four feet into the northbound lanes used by oncoming traffic before completing the right turn.[46] This move required the Highway Patrol to stop traffic in both directions so that the truck could make the turn.

4. **Conclusion of AASHTO And The U. S. Department of Transportation**

AASHTO,[47] the association of state highway officials, concluded that LCV offtracking makes it impossible for 57% of America's Interstate interchanges to safely accommodate Triples and for 75% of the Interstate interchanges

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[44] California Department of Transportation, supra note 1, p. 20.

[45] California Department of Transportation, supra note 1, p. 30.

[46] California Department of Transportation, supra note 1, p. 29.

[47] AASHTO stands for American Association of State Highway and Transportation Officials.

to safely accommodate Twin 48s.[48]

After reviewing all available evidence from field tests, simulation models, and the experience of state highway agency design engineers, the Secretary of the U. S. Department of Transportation concluded in the congressionally mandated study:

> Most interchanges on the Interstate system cannot safely accommodate LCVs — even the most maneuverable Triples. In addition, if the longer combinations were to travel on the arterial highway system in most parts of the country, they would have significant problems making turns without hitting objects beside the road and severely disrupting traffic flow.[49]

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[48] The AASHTO 1983 State Survey reported in Report of Secretary of Transportation to the United States Congress, supra note 36, pp. III - 10.

[49] Report of Secretary of Transportation to the United States Congress, supra note 36, p. III-12.

## NO DRIVER CONTROL OF LAST TRAILER

Drivers of Double 28s often cannot sense the impending instability of the second trailers because of the greater number of articulation joints.[50]

A Transportation Research Board survey of truck drivers found that substantial majorities of truck drivers have difficulty seeing the rear of the truck and have difficulty detecting quickly when the second trailer of a Double 28 starts an unusual motion.[51]

Twin 48s and Triples are much longer than Double 28s. Triples are much more unstable than Double 28s. Due to that extra length and added instability, it appears that the overwhelming majority of truckers agree with Roy Roper, an experienced Triples driver from Kansas:

> As far as I'm concerned, Double [28s] aren't really that safe, but you can control them a little bit. But Triples and their third trailer — you really just have no control of it back there.[52]

In a driver survey of truck drivers done for the AAA Foundation, 84% believed that Triples are less safe than Single trailer trucks and 82% thought Twin 48s were less safe. More than two-thirds thought Triples were much less safe and 63% believed Twin 48s to be much less safe.[53]

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[50] Truck Weight Limits, Transportation Research Board Special Report 225, National Research Council, Washington,D. C. 1990, p. 109.

[51] Twin Trailer Trucks, Transportation Research Board Special Report 211, National Research Council, Washington, D. C., 1986, p. 147.

[52] Interview with Roy Roper, January 22, 1991.

[53] AAA Foundation for Traffic Safety, Transportation Research and Marketing, "A Study of the Operating Practices of Extra-Long Vehicles," Washington, D. C. December 1990, p. 48.

# LCV ENGINEERING PROBLEMS CAUSE CRASHES

45

## LCV ENGINEERING PROBLEMS CAUSE CRASHES

Studies show that the engineering problems of LCVs cause crashes, crashes that would not have occurred with a Single trailer truck.

Studies of Double 28s — two 28-foot trailers on the back of a tractor — demonstrate that the basic instabilities caused by the articulation joints lead to Double 28 accidents. Since the engineering problems of LCVs are more severe than those of Double 28s (e.g., a Double 28 has 3 articulation joints and a Triple has 5), one can conclude by extrapolation that those same instabilities lead to LCV accidents.

### 1. National Transportation Safety Board ("NTSB") Study

The NTSB studied 189 heavy truck accidents and reported its conclusions in 1988. Forty-one of those crashes involved Double 28s with three articulation joints. One of the causes or contributing factors in 18 of those 41 Double 28 crashes (41%) was instability problems associated with the rear trailer.[54]

### 2. University of North Carolina Study

The University of North Carolina Highway Safety Research Center study of heavy truck accidents from 1981 through 1987 found that the overturn rate for Double 28s in North Carolina was **4.3 times** the average truck overturn rate.[55] The researchers found that Double 28s were more likely to be involved in loss of control accidents, often apparently resulting from second trailer sway.[56] The researchers also found that Double 28s were

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[54] National Transportation Safety Board, "Safety Study: Case Summaries of 189 Heavy Truck Accident Investigations." October 12, 1988. See also: Office of Motor Carriers, U. S. Department of Transportation, "On Guard, The Hazards of Operating Multiple Trailers," Vol. 20, No. 1, March 1991, p. 1.

[55] Forrest Council and William Hall, "Large Truck Safety: An Analysis of North Carolina Accident Data," Highway Safety Research Center, University of North Carolina. 33rd Annual Proceedings, Association for the Advancement of Automotive Medicine, October 2-4, 1989, p. 99.

[56] Id. at 101 and 107.

46

over-represented in accidents on North Carolina ramps.[57]

A number of North Carolina Double 28 accidents were caused by the second trailer separating from the rest of the rig as it was rolling down the highway, often after some hard-steering maneuver.[58] None of those accidents involved a collision. None would have occurred had the tractor been hauling only one trailer. The researchers found no Single trailer accident involving trailer separation.

### 3. California Highway Patrol Study

A 1981 study of California tank truck accidents by the California Highway Patrol found that Single trailer tank trucks overturned in 50% of their crashes. Double 28 foot tank trucks, however, overturned in 70% of their crashes, demonstrating the greater instability of Double 28 foot tank trucks.[59]

Tank truck rollover accidents have proven particularly dangerous. Ninety-five percent of the persons killed in California tank truck accidents lost their lives in rollover accidents.[60]

### 4. University of Michigan Transportation Research Institute ("UMTRI") and Insurance Institute for Highway Safety ("IIHS") Studies

The UMTRI and IIHS studies demonstrate that Double 28s are disproportionately involved (over-involved) in accidents. Both studies indicate trailer overturn plays a substantial role in Double 28 crashes. Those studies are discussed and cited in a later section of this paper.

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[57] Id. at 99.

[58] Id. at 101.

[59] W. M. Heath, Chief Engineer, "California Tank Truck Accident Survey," California Highway Patrol, 1981. Tank trucks with their liquid cargoes are dangerous because of the cargo shift and surge as the vehicle maneuvers. Combining the surge problem with the multiple articulation joints of LCVs makes tank LCVs extraordinarily dangerous.

[60] Id.

**ATA REBUTTAL:**

None known to CRASH.

# LCVs ARE INCOMPATIBLE WITH CARS

## SPLASH AND SPRAY

### LARGE TRUCKING COMPANY:

Yellow Freight says that "Splash and spray from Triples is 20% less than from tractor-semitrailers. The front wheels act as a squeegee on wet pavements, allowing the rear wheels to travel on a dry path."[61]

### CRASH RESPONSE:

Even if Single trailer trucks cause more splash and spray than Triples, Triples still cause enough splash and spray to blind motorists in wet weather. Moreover, motorists passed by or passing Triples will be blinded by splash and spray on their windshields for far longer periods, since Triples are much longer than Single trailer trucks. This can cause an increased risk of accidents.

Double 48s cause as much splash and spray as Single trailer trucks Motorists who pass or are passed by Double 48s will be exposed to splash and spray for longer time frames than motorists adjacent to Single trailer trucks.

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[61] Yellow Freight Video.

## SLOW SPEEDS

Triples and Twin 48s move more slowly than other trucks on upgrades. They also take longer to accelerate when entering freeways from onramps and when maneuvering on crowded urban freeways and other crowded roads. These slow speeds are unsafe.

The slower speeds on upgrades and slower acceleration on level terrain is due to heavier weight (80,000 pounds for Single trailers, up to 110,000 pounds for Triples, and up to 135,000 pounds for Twin 48s) and the greater air resistance because of more gaps between trailers and the increased overall length.[62] Air resistance is especially strong in a crosswind.[63]

Although the effect of air resistance on level terrain and weight on upgrades can be countered by more horsepower, trucking companies have to date generally not increased horsepower for their Triples or for their Twin 48s. However, several companies have suggested that they would do so in the future.[64]

Anyone who has been forced to wait behind a big rig while it slowly creeps past an even heavier one on an upgrade (blocking both lanes in one direction of a four-lane freeway), or who has suddenly had to slow as a big truck changed lanes during rush hour, recognizes first hand how Triples and Twin 48s will disrupt traffic.[65]

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[62] Twin Trailer Trucks, Transportation Research Board Special Report 211, National Research Council, Washington, D. C., 1986, pp. 286-287.

[63] Id.

[64] Interviews with major trucking companies by Transmode Consultants, Inc. in December, 1990.

[65] Unfortunately, the 1985 Transportation Research Board Highway Capacity Manual does not account for the increased congestion effects of LCVs.

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*Slow Twin 48 was passed by 2 Single trailer trucks on upgrade during Caltrans test.*

Their slower speeds are also unsafe. One study concluded that trucks which travel 15 mph below the prevailing speed of other vehicles have accident involvement rates **nine times** higher than those that travel at the same speed as other traffic. The University of Texas study concluded that the accident involvement rate is **15½ times** higher if the speed differential is 20 mph.[66]

In field tests conducted by the California Department of Transportation in 1983, the Triples and Twin 48s on 3%-4% grades achieved speeds that were 15 mph to 22 mph slower than the mean speed for Single trailer trucks.[67]

The Oregon experience with slow Triples trying to climb upgrades illustrates what the Oregon Public Utilities Commission calls the "speed problem."[68] Fourteen

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[66] C. M. Walton and O. Gericke, "An Assessment of Changes in Truck Dimensions on Highway Geometric Design Principles and Practices," The University of Texas Center for Transportation Research, Austin, 1981.

[67] California Department of Transportation, supra note 1, p. 41.

[68] Oregon Public Utilities Commission, "Triple-Trailer Combinations Accidents and Inspections in Oregon 1985 through 1990. March 1991, Executive Summary and p. 6.

percent of the Oregon Triples crashes between 1985 and 1990 involved motorists striking the rear of Triples at night. More than half of those night-time rear-end accidents occurred on uphill grades.[69]

**ATA RESPONSE:**

None known to CRASH.

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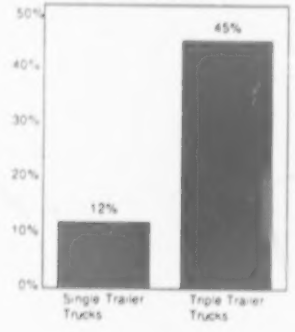
[69] Id.

## FREEWAY MERGING AND LANE CHANGES

Because of their length and slow acceleration, Triples and Twin 48s take longer to merge into freeway traffic from an onramp. Acceleration lanes (merge lanes which allow vehicles coming from onramps to build up enough speed so as to be able to easily merge with other vehicles already on the freeway) are designed primarily for cars and are too short for the longer and heavier LCVs to accelerate up to highway speeds before being forced to merge with existing traffic. Consequently, they frequently have to slow or stop to find a gap in traffic which is large enough to allow them to merge. This results in traffic backup and disruption at the interchange. It also creates the potential for following motorists to hit the rear end of LCVs which suddenly slow or stop.

Longer Combination Vehicles have the same problem changing lanes. In one study, Single trailer trucks were found to have caused the sudden slowing of following cars in only **12%** of their observed lane-change maneuvers. Triples, however, caused the following cars to slow down suddenly in **45%** of their observed lane changes.[70]

Percentage of Lane Changes Causing Sudden Slowing of Following Cars




[70] E. L. Seguin, et al., "The Effects of Truck Size on Driver Behavior." Federal Highway Administration Report RD-81/170. The Institute for Research, State College, PA, March 1982, pp. 11, 131.

54

Lane changes by Triples are also potential safety hazards. As previously discussed, the "Crack-the-Whip Effect" that comes with steering direction reversal may be strong enough in some circumstances to cause the third trailer to swing into adjacent lanes, separate and/or overturn.

**ATA RESPONSE:**

None known to CRASH.

## PASSING

Longer trucks increase the distance and the time needed for autos to pass them. A Utah study compared the risks of passing 110 feet long Triples with the risks of passing 65 feet Single trailer trucks on two-way, two-lane highways. Both kinds of trucks travelled 40 mph and were passed by cars moving at 55 mph. Cars passing Triples had to travel 165 feet farther and two seconds longer in the oncoming traffic lane than did cars passing Single trailer trucks.[71]

The greater the delay imposed on cars following Triples or Twin 48s on two-lane, two-way highways, the greater the likelihood that a car will attempt to pass when it is unsafe. Once committed to passing an LCV, drivers have less chance to avoid a collision by pulling back behind the LCV than if it were only 65 feet long.[72]

**MAJOR TRUCKING COMPANY:**

"A six lane divided Interstate highway is the typical road for Triples. Out on the Interstate passing Triples is not a problem."[73]

**CRASH RESPONSE:**

There is much more LCV travel on non-Interstate highways and local streets and roads than one would be led to believe by the ATA and major trucking companies.

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[71] Report of Secretary of Transportation to the United States Congress, "The Feasibility of a Nationwide Network for Longer Combination Vehicles, Federal Highway Administration, Washington, D. C., 1985, pp. IV - 8-9.

[72] Id.

[73] Yellow Freight Video.

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*A Triple travels through a small Idaho town*

A great many Triples accidents already occur on **non-**Interstate highways and on city streets. In Oregon, 30% of the Triples accidents which occurred from 1985 through 1990 took place off the Interstates. Twenty percent of all Oregon Triples crashes occurred on city streets.

If the ATA succeeds in getting authority to run LCVs on a state's Interstate highways, it will soon clamor to expand LCV use to state highways, as admitted by the Executive Director of the ATA's research arm:

> The extent to which LCVs can operate on a state's highway system will also vary and **increase with time** and experience.[74]

The Oregon experience with Triples illustrates what is likely to happen elsewhere.

When the State of Oregon first permitted Triples, it limited them to the Interstate system, and even prohibited Triples on certain portions of Interstate. Soon, however, Triples were authorized on some two-lane, two-way state highways, but only in fair weather. The state highway mileage open to Triples in Oregon gradually grew until today about two-thirds of Oregon state highway mileage is open to Triples. Most of that state highway mileage is made up of two-lane, two-way roads. In 1989, the restriction against running Triples in the rain on two-lane, two-way state highways was lifted. Now, Triples are even allowed on certain county roads and city streets in Oregon.

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[74] Clyde E. Woodle, "Longer Combination Vehicles," Transportation Executive Update. March-April 1990, attached to ATA White Paper.

# MULTI-TRAILER TRUCK ACCIDENTS ARE MORE SEVERE

# SEVERITY OF ACCIDENTS

Due to their longer length, their greater number of trailers and articulation joints and due to their generally greater instability, accidents involving Triples and Twin 48 accidents are expected to be more severe than Single trailer truck accidents.

## ATA RESPONSE:

"The very laws of physics tell us that when two objects collide the lighter object is going to sustain greater damage."[75]

"Severity of truck accidents is not sensitive to truck configuration and, given that a truck accident occurs, the probabilities of fatalities or injuries are not sensitive to changes in truck weight."[76]

## CRASH REBUTTAL:

### 1. Truck Configuration

Longer Combination Vehicles are not only heavier than Single trailer trucks, they also have more units and are less stable. When involved in accidents, there is a greater risk that their multiple units will be thrown into adjacent lanes of traffic and even into oncoming lanes of traffic.

Studies comparing the **fatal** accidents of Double 28s with the **fatal** accidents of Single trailer trucks indicate that severity of accidents is sensitive to truck configuration. Those studies show that Double 28s are over-involved in **fatal** accidents.

Researchers at the University of Michigan Transportation Research Institute ("UMTRI") concluded that, when one controlled for the kinds of highways and

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[75] ATA White Paper.

[76] Id.

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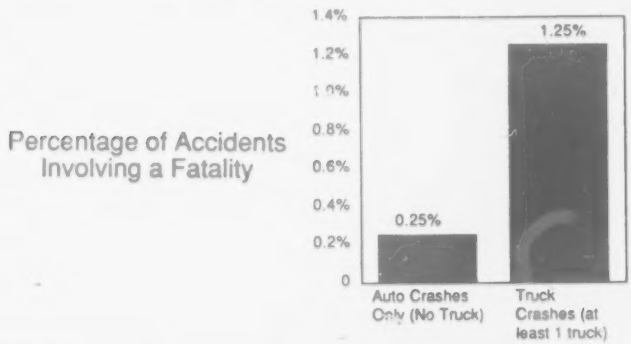
roads over which each truck type travels, in 1986 the nationwide **fatal** accident involvement ratio for Double trailer trucks was **27% higher** than the ratio for single trailer trucks and that Double trailer trucks are **32% over-involved** in **fatal** accidents.[77]

Another recent study found the **fatal** accident involvement ratio of Double trailer trucks to be **58% higher** than the ratio for Single trailer trucks.[78]

**2. Severity of Truck Crashes Compared to Auto Crashes**

A six month study of Maryland crashes at Johns Hopkins University found that one out of every 80 truck crashes involved a fatality.[79] For crashes involving only automobiles, only one out of every 400 accidents resulted in a fatality.[80] The main reason for this extraordinary disparity is the greater size and weight of trucks.




[77] K. C. Campbell, "Ten Years of Larger Truck Safety Research," Presented at Motor Vehicle Manufacturers/Department of Transportation, Motor Truck Research Symposium, July 18, 1990, Washington, D. C.

[78] Roger Mingo, Joy Esterlitz and Bret Mingo, "Accident Rates of Multi-Unit Combination Vehicles Derived from Large-Scale Databases, 70th Annual Meeting, Transportation Research Board, Washington, D. C., Session 163, January 16, 1991.

[79] Susan Baker, Co-Director, Injury Prevention Center, Johns Hopkins University, Testimony Before Senate of Maryland Committee on Constitutional and Public Law, Annapolis, Maryland, 1978.

[80] Id.

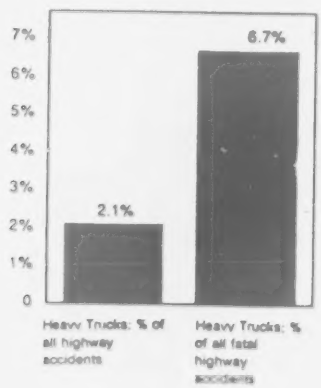
61

After reviewing nationwide data for 1986, the Transportation Research Board came to the same conclusion about large combination vehicles (i.e., big trucks pulling one or more trailers):

> When large combination vehicles become involved in an accident, the accident is likely to be severe.[81]

The Transportation Research Board also noted that, although trucks pulling at least one trailer were involved in only **2.1%** of all crashes on American Streets and highways, those heavy trucks were involved in **6.7%** of all **fatal** crashes.[82] Thus, heavy trucks' **fatal** accident involvement percentage is **3 times** greater than their overall accident involvement percentage. The Transportation Research Board attributed the greater severity of big rig accidents in part to the size and weight of the big trucks.

**Heavy Trucks % Of all Accidents**
**vs.**
**Heavy Trucks % Of All Fatal Accidents**

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[81] Providing Access for Large Trucks, Transportation Research Board, National Research Council, Special Report 223, Washington, D. C. 1989, p. 96.

[82] Id. at 97

# MULTI-TRAILER TRUCK ACCIDENT RATIOS

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## MULTI-TRAILER TRUCKS ARE OVER-INVOLVED IN ACCIDENTS

There are only two studies without obvious flaws which compare the accident involvement ratios of Double trailer trucks to that of Single trailer trucks and which also control for the following facts:

1. Double trailer trucks are driven primarily on Interstates and Single trailer trucks are driven a much larger percentage of time on the far less safe primary, secondary and local streets and roads.[83]

2. The accident rate on state highways is 5-7 times the rate on Interstates, according to FHWA statistics.[84]

Those two studies found that Double trailer trucks were disproportionately involved (over-involved) in accidents. In reviewing these studies, note that Triples and Twin 48s are far more dangerous than Double 28s. One can reasonably conclude that LCVs would have a greater over-involvement rate than Double 28s.

**1. University of Michigan Transportation Research Institute ("UMTRI") Study**

UMTRI concluded that, when one controlled for the kinds of highways and roads over which each truck type travels, in 1986 the nationwide **fatal** accident involvement ratio for Double trailer trucks was **27% higher** than for Single trailer trucks and that Double trailer trucks were **32% over-involved** in fatal accidents.[85]

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[83] Truck Weight Limits, supra note 50, p. 125.

[84] U. S. Department of Transportation, Federal Highway Administration, "Highway Safety Performance — 1988, Fatal and Injury Accident Rates on Public Roads in the United States," Report of the Secretary of Transportation to the United States Congress, June 1990; P. P. Jovanis, H. Chang and I. Zabaneh, "A Comparison & Accident Rates for Two Truck Configurations," In Transportation Research Record 1249, TRB, National Research Council, Washington, D. C. 1989.

[85] K. C. Campbell, "Ten Years of Large Truck Safety Research," Presented at Motor Vehicle Manufacturers Association/Department of Transportation Motor Truck Research symposium, July 18, 1990, Washington, D. C.

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2. **Insurance Institute for Highway Safety Study**

In a study of all truck accidents (not just fatal accidents) on the Interstate highways in the State of Washington from 1984-86, the Insurance Institute for Highway Safety found that Double trailer trucks were **200% over-involved** in accidents.[86]

## ATA REBUTTAL:

The ATA says that the Insurance Institute for Highway Safety study is "based on data from only two Interstate highways in the State of Washington. The study has been extensively questioned because of the practice of extrapolating findings to other areas and conditions."[87]

## CRASH RESPONSE:

The ATA White Paper has questioned the Insurance Institute for Highway Safety study "because of the practice of extrapolating findings to other areas and conditions." A reading of the Insurance Institute study makes it clear that the study purports merely to report findings with respect to accident involvement ratios for various truck types on all Interstates in Washington State. There is no attempt by the authors of that study to extrapolate the Washington State findings to other areas or conditions.

Indeed, one of the authors of that study said in an interview that the accident over-involvement ratio for Double trailer trucks would probably be found to be lower if the identical study were done in a midwestern or eastern state where the use of Doubles is relatively new and rare and where Double trailer trucks are driven primarily by large less-than-truckload ("LTL") trucking companies with relatively good maintenance practices and well-trained and careful drivers.[88]

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[86] Stein and Jones, "Crash Involvement of Large Trucks by Configuration: A Case-Control Study," American Journal of Public Health, May 1988, Vol. 78 No. 5.

[87] ATA White Paper.

[88] Interview with H. S. Stein on December 18, 1990.

Washington State has allowed Double trailer trucks for 30 years. The usage of Doubles is much broader in Washington State than in most parts of the country. Doubles are commonly driven in Washington State by small trucking companies and farming or natural resource operations with poorer maintenance practices and less qualified and less experienced drivers than the drivers for the large LTL trucking companies. The Washington State experience, however, is probably an omen of things to come in other areas if Doubles are allowed to become as common and as broadly used elsewhere as they now are in Washington State.

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## ATA FOUNDATION STUDY IS FLAWED

**ATA:**

A study prepared for the Trucking Research Institute and the ATA Foundation purports to show that Triples and Twin 48s have the lowest accident rates of all configurations and that Double 28s have a vastly better accident rate than do Single trailer trucks:[89]

| Type of Truck | Accidents Per Million Miles |
|---|---|
| Triples | 1.1 |
| Twin 48s and Twin 45s | 1.5 |
| Double 28s | 1.7 |
| Single Trailer Trucks | 2.3 |

**CRASH RESPONSE:**

The ATA Foundation study is flawed:

1. **No Control for Type of Highway Travelled**

   Double trailer trucks are driven predominantly on the relatively safe limited access and divided highways of the Interstate system.[90] Single trailer trucks are driven a much greater percentage of time on the far less safe non-Interstate federal-aid systems, on state highways and on local streets and roads. Since the accident rates on state highways is **5-7 times** the accident rate on Interstates,[91] comparing accident rates for Doubles, Triples and Single trailer trucks without controlling for the type of road travelled is like comparing apples to oranges.

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[89] "Productivity and Consumer Benefits of Longer Combination Vehicles," Sydec, Inc. and Jack Faucett Associates, Alexandria, Virginia, June 1990, Executive Summary, p. 7.

[90] K. L. Campbell, D. F. Blower, R. G. Gattis & A. C. Wolfe, "Analysis of Accident Rates of Heavy-Duty Vehicles," University of Michigan Transportation Research Institute, April, 1988, p. 31.

[91] P. P. Jovanis, supra note 84.

Yet the ATA Foundation study admits this weakness. Footnote 4 to the ATA Foundation study reveals that the calculations have not "taken into account any differences in the types of routes or conditions of operations."[92]

2. **No Accurate Data on Vehicle Miles Traveled**

The National Governors' Association Center for Policy Research[93] and the highway safety research community[94] are unanimous in concluding that, with the possible exceptions of the UMTRI's National Truck Trip Information Service and the Truck Inventory and Use Survey ("TIUS"),[95] no reliable data base exists to determine vehicle miles traveled by truck configuration (i.e., by Triples, Double 28s, Twin 48s and Single trailer trucks).

In a recent study of Triples accidents in Oregon from 1985 through 1990, the Oregon Public Utilities Commission stated categorically:

> . . . we do not know the mileage nor the proportion of miles travelled by these vehicles in a triple combination.[96]

The Oregon PUC denied that it was possible to determine or compare accident rates by trailer configuration.

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[92] "Productivity and Consumer Benefits of Longer Combination Vehicles," supra note 89, p.7, footnote 4.

[93] Ralph Craft speech at annual meeting of National Association of Governors' Highway Safety Representatives at Baltimore, Maryland, September 8, 1990. Ralph Craft is with the Transportation and Communications Program, Center for Policy Research, National Governors' Association.

[94] See, for example, F. M. Council and W. L. Hall, supra note 12, p.93.

[95] Even the UMTRI National Truck Trip Information Service and TIUS have problems which make one unwilling to rely completely on those data bases. For example, the TIUS survey covers only tractors. Tractors may operate at different times with varying numbers and types of trailers.

[96] Oregon Public Utilities Commission, supra note 10, Executive Summary.

> Triples operate under different conditions and routes than other heavy truck combinations. Mileage information is not available on the various combinations; therefore, it is not possible to compare accident data on a statistically valid basis.[97]

The ATA Foundation study did not use the University of Michigan's National Truck Trip Information Survey or TIUS. Without accurate data on truck miles travelled by truck configuration, it is impossible accurately to determine accident rates by truck configuration. Therefore, the ATA Foundation study's determination of accident rates cannot be reliable.

3. **State Accident Data Inadequate**

The ATA Foundation study claims its accident rate calculations are based on data from various states, turnpike authorities and motor carriers. The states, however, do not collect reliable truck accident data by truck configuration. As the National Governors' Association reported:

> In 1985 less than half of the states collected data on the type of truck involved in the accident, less than a quarter recorded the number of axles on trucks involved, and only three states recorded the name of the trucking company.[98]

Illustrative of the problems with state accident data is a February 28, 1991 letter from the Montana Department of Highway Traffic Safety:

> Prior to 1982, Montana had no distinction between types of semi-trucks. Recently, we have found major problems on reporting of triples, which are coded incorrectly about half the time during the last three years.[99]

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[97] Id.

[98] Ralph Craft, "State Adoption of Uniform accident Data elements: A Preliminary Report," Transportation and Communications Program, Center for Policy Research, National Governors' Association, September 6, 1990, p. 1.

[99] Letter dated February 28, 1991 to Howard Stein from Jack Williams, State of Montana, Department of Justice, Highway Traffic Safety.

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4. **Trucking Company Accident Reports are Unreliable**

The ATA Foundation study's accident rate calculations are based in part on accident data provided by motor carriers. Trucking company accident reporting has been proven to be deficient, and dependence on it has proven unreliable.

For example, trucking companies are required by law to report "eligible accidents"[100] to the Office of Motor Carriers ("OMC") of the U. S. Department of Transportation. However, when Messrs. Campbell and Carsten of the University of Michigan's Transportation Research Institute analyzed the eligible accident data provided by trucking companies to OMC, they came to the following conclusion:

> Many fleets, fearing damage to their reputations if data were leaked, were clearly reluctant to report all their accidents. Others found the collection of the data to be too much of a burden on their time. But whatever the reason, the data were clearly too unreliable to perform their intended purpose.[101]

In 1983, the Office of Motor Carriers estimated in testimony before Congress that only **60%** to **70%** of all eligible accidents required by law to be reported to the OMC are actually reported.[102] Subsequent research done for the OMC on the accident reporting practices of motor carriers in Washington State indicates that the 60% to 70% estimate may be high, at least for the State of Washington. The later research showed that only **39%**

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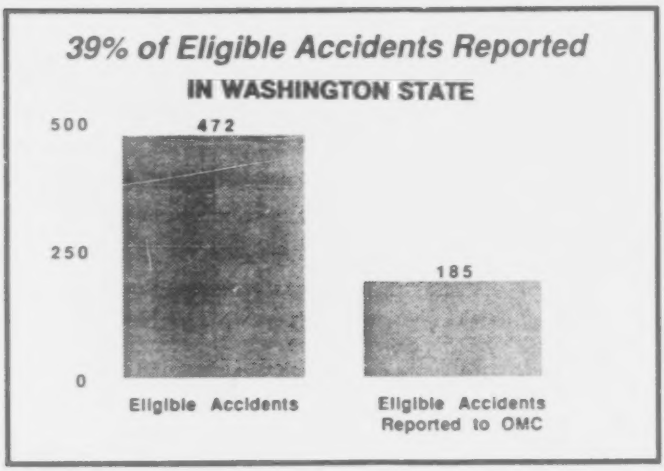
100 An "eligible accident" is one resulting in an injury where treatment was received away from the site and/or causing property damage of at least $2,000 (before 1986) or $4,400 (1986 and after).

101 K. L. Campbell and O. Carsten, "Fleet Accident Evaluation of FMVSS 121," Report UM-HSR1-81-9, University of Michigan, Highway Safety Research Institutes, Ann Arbor, March, 1981.

102 Twenty-first Report of the House Committee on Government Operations, "Improving the Effectiveness of the Bureau of Motor Carrier Safety and Its Enforcement of Hazardous Materials Regulations," House Report 98-562, Washington, D. C., November 17, 1983, p. 10.

of eligible truck accidents involving Interstate carriers that were investigated by the Commercial Vehicle Enforcement Officers of the Washington State Patrol on Interstate highways during a two-year period had actually been reported to the Office of Motor Carriers.[103]




103 H. S. Stein, "Comparison of OMC Accident Data with Independent Data From Washington State," As Part of OMC Contract DTFH61-88-2-00094 Accident Reporting System Augmentation, Task E, Feasibility of Expanded Safetynet Accident Module, Reston, VA, December 1989, p. 9.

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5. **Raw Unweighted Averages**

Footnote 4 to the ATA Foundation study on accident rates reveals that:

> The average accident rates shown in Exhibit 4 are approximate estimates because they are raw unweighted averages of accident rates obtained from all sources. Data are not available to estimate weighted accident rates, taking into account differences in the size of the sample from most of the sources.[104]

This means that this study has calculated accident rates from each of its sources and then averaged all of those accident rates together to obtain the total accident rate. In other words, the Triples accident rate for Arizona (which allows Triples only on 26 miles of Interstate highway) was averaged together with and given equal weight to the calculation of a Triples accident rate for Oregon (which allows Triples on 3,000 miles of Interstate highways, state highways and local streets and roads).

The ATA Foundation study is flawed. It deserves to be given no weight.

## CONCLUSION:

The evidence demonstrates that LCVs are unsafe for five reasons:

1. The engineering of LCVs makes them dangerous.

2. The LCV engineering problems cause crashes that would not have occurred with Single trailer trucks.

3. LCVs are incompatible with cars in traffic.

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104 "Productivity and Consumer Benefits of Longer Combination Vehicles," supra note 89, p. 7.

4. Due to their greater length and instability and additional number of trailers, Multi-trailer truck accidents are more severe than Single trailer truck accidents. When a Multi-trailer truck has an accident, people are more likely to be killed or injured.

5. Multi-trailer trucks are disproportionately involved (over-involved) in accidents compared to Single trailer trucks.

The risk to motorists, pedestrians, and cyclists who must share the road with Triples and Twin 48s is unacceptably high. Truck drivers should not be forced to drive them.

■

BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON SURFACE TRANSPORTATION
OF THE COMMITTEE ON PUBLIC WORKS
AND TRANSPORTATION

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HEARINGS ON
SURFACE TRANSPORTATION ASSISTANCE ACT OF 1991

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# STATEMENT OF THE
# REGULAR COMMON CARRIER CONFERENCE

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APRIL 18, 1991

45-155 O—91——47

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE COMMITTEE ON PUBLIC WORKS

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STATEMENT OF THE

REGULAR COMMON CARRIER CONFERENCE

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## INTRODUCTION

I am William M. Clifford, President and Chief Executive Officer of St. Johnsbury Trucking Company located in Holliston, Massachusetts. St. Johnsbury is the largest predominately less-than-truckload (LTL) trucking company operating in the Northeast. In 1990, we had revenues in excess of $300 million. I have been employed in the trucking industry for 34 years. Since joining St. Johnsbury in 1968, I have held various corporate positions before becoming President & Chief Executive Officer in 1990.

This statement is submitted on behalf of the Regular Common Carrier Conference (RCCC), of which I am Chairman. The RCCC is a national trade association composed of approximately 250 for-hire motor carriers with a combined annual revenue of $15 billion, representing about 95 percent of the LTL shipment business in the U.S. Our members include the largest, national general freight LTL carriers, with annual revenues in excess of $2 billion, as well as small regional carriers with annual revenues of several million dollars. They transport general commodities in less-than-truckload (LTL) shipments throughout the United States. As common carriers, they form the backbone of the Nation's for-hire transportation network providing service to all shippers and communities on shipment of all sizes.

The RCCC is separate from but affiliated with the American Trucking Associations, Inc. and while we endorse the statement and testimony of ATA before this Subcommittee on the Administration's bill, the Surface Transportation Assistance Act of 1991, we wish to emphasize several issues of particular importance to the LTL general freight trucking industry, by far, the largest segment of the for-hire industry, as well as ATA.

## SUMMARY OF POSITION

The Administration's proposal establishes a sound framework for legislation to rebuild our Nation's highways. It appropriately proposes a five year highway program and recognizes a national highway system comprising about 150,000 miles of Highways of National Significance. It calls for the establishment of comprehensive, long term bridge, pavement, safety, and congestion management programs to enhance our mobility and infrastructure. The RCCC endorses these features. However, we also believe that Congress needs to go further in certain areas.

The federal government must increase the total amount of its highway program funding beyond the $87.7 billion proposed by the Administration. We recommend that the federal government authorize about $104 billion for this five year highway program. Increased federal funding of our highways and bridges is necessary to reverse the decline in our infrastructure and enhance our Nation's productivity. Time is of the essence. Each day that we delay in committing the necessary funds will only increase the costs in future years. A $3 billion a year increase in federal funding above that proposed by the Administration is necessary. It can be achieved and sustained for five years by using the projected $16 billion surplus in the Highway Trust Fund.

Second, the current federal funding ratios should be retained. The Administration is proposing to reduce the federal matching ratio in most highway program categories. The RCCC recommends that the federal government provide 90 percent of the funding for the Interstates, 90 percent of the funding for other Highways of National Significance, 75 percent of the funding for urban and rural roads, and 80 percent funding for bridge replacement and rehabilitation. Currently, the state and local governments contribute over 77 percent of the total funding for transportation, while the federal government provides about 23 percent. The financially strapped states and local governments cannot afford the additional financial burdens proposed by the Administration. Our surface transportation infrastructure is truly a **national** asset linking our Nation's people, goods, and services. There is a direct correlation between its soundness and our Nation's productivity, competitiveness, and standard of living. The federal government must continue to shoulder a significant responsibility for preserving and expanding this national asset.

There is, however, an obligation on the part of the states to use their transportation revenue judiciously and for its intended purpose. Unfortunately, while almost all the states have either a multimodal transportation trust fund or a highway trust fund, many divert some of their transportation user revenue to nontransportation programs. There should be a federal incentive for the states to dedicate state and local transportation revenue for transportation purposes exclusively. This can be accomplished through higher federal funding ratios for states that have trust funds and who dedicate their use to transportation programs.

Congress should not allow the states to use federal funds to construct new toll roads or convert existing roads into tolled facilities. Instead, the states should have the option of either using federal funds for construction or maintenance of particular roads, on the one hand, or foregoing federal funds for particular roads, on the other hand, and using tolls as the means to finance their construction, improvements or maintenance. Highway users are subjected to double taxation when a state is allowed to use both federal funds and assess tolls. Those that travel such roads would pay federal user fees and state toll fees. This is unfair. It results in out-of-state operators disproportionately subsidizing state and local road programs through their federal user fees.

In this legislation, Congress should recognize and promote productivity gains in the transportation industry. For the trucking industry, the use of triples and other higher productivity combination vehicles have reduced transportation costs, energy consumption and highway congestion, without a degradation in safety. The federal government should allow, but not mandate, the states to authorize the use of these higher productivity vehicles.

In response to a truck weight study requested by Congress, the Transportation Research Board, a nonpartisan research board within the National Academy of Sciences, made such a recommendation last year. The actual experience with these vehicles now operating in over 20 states demonstrates their safety and productivity benefits. Greater usage could save the Nation billions of dollars annually in transportation costs. The issue is not whether the federal government should mandate their use in the states. Rather, it is whether the current federal impediments to their use should be relaxed to allow the states to decide whether their economic, demographic, safety, and productivity objectives warrant controlled use. Congress should adopt the TRB recommendations in its highway reauthorization legislation. They are consistent with the concept of federalism and will promote productivity.

At a minimum, Congress should make permanent its authorization to the state of Wyoming to allow vehicles in excess of 80,000 pounds gross weight to operate on its Interstates and Defense highways. The Wyoming Demonstration Project has improved transportation productivity and economic growth without an adverse impact on safety.

Moreover, Congress should authorize other states to establish similar demonstration projects for periods up to three years. As a condition to such authorizations, Congress could establish requirements pertaining to these vehicles including gross weight, drivers and companies to ensure safety. The states would then impose such requirements through a permit process for motor carriers.

The temporary authorization to the states for such demonstration programs would allow the states and the federal government to obtain empirical data on the productivity, economic, and safety impacts of such vehicles based on the actual service record. Congress could then make an objective decision on the impact of the TRB recommendations.

Last, but not least, the federal government should not preempt the right of the states to regulate truck transportation within their borders. Currently, about 42 states regulate intrastate trucking. In varying degrees, they license carriers and regulate rates and other practices to promote safety, service, stability, and fairness. Preemption would undermine the states' policy decisions. It is inconsistent with the principle of federalism. It is also unwar-

ranted and unnecessary because the states are continually reviewing and altering their policies regarding economic regulation to promote the public interest, and they are best suited to make these judgments.

## IMPORTANCE OF A SOUND INFRASTRUCTURE

The federal government's initiative in 1956 to construct and fund a system of Interstate and primary highways throughout the United States has significantly enhanced our Nation's economic growth, productivity, and mobility. The federal government's investment in our highway infrastructure has substantially benefited our Nation. There is a direct correlation between the condition of our infrastructure and national productivity.

Unfortunately, the level of public investment in our core infrastructure has declined substantially over the past two decades. From 1956 through 1970, public investment ranged from 1.8 to 2 percent of GNP. From 1971 until 1987, it declined steadily from 1.4 percent to 1 percent of GNP[1]. This halving, or 50 percent decline in investment mirrors our decline in national productivity, according to Dr. David Alan Aschauer, former Senior Economist with the Federal Reserve Bank of Chicago. He estimates that our Nation's productivity, which was at 2.8 percent from 1953 to 1969, declined to 1.4 percent from 1970 through 1987. He attributes this dramatic decline to the neglect of our infrastructure. Consequently, it is imperative that the federal government increase its level of funding for our highways.

## FEDERAL FUNDING LEVELS

The Administration proposes in the Surface Transportation Assistance Act of 1991 to invest $87.7 billion in our Nation's highways and bridges over the next five years. Federal spending on our highways would increase from $16.2 billion in fiscal year 1992 to $20.3 billion in fiscal year 1996.[2] The Congressional Budget Office estimates the actual outlays for federal-aid highways under the Administration's bill would total $82 billion over the period 1992-1996. This is a $14 billion increase in spending over the preceding five year period, according to CBO. However, in real terms (constant dollars), federal spending would remain almost unchanged. Therefore, while the $14 billion increase in federal funding seems a positive step, it falls short of the level necessary to just maintain the current condition of our highways and bridges.

The RCCC recommends that Congress appropriate about $104 billion for the five year highway program. The Administration's proposed funding should be increased by $3 billion a year. Congress should authorize $19 billion for FY 1992 and progressively increase the amount to $20 billion in FY 1993, $21 billion in FY 1994, $22 billion in FY 1995, and $23 billion in FY 1996. This additional $15 billion in spending could be accomplished from drawing down the Highway Trust Fund. It currently has an $11 billion surplus which CBO projects will rise to $16.3 billion by 1996, primarily due to an infusion of revenue from the 2.5 cents per gallon fuel increase under the Omnibus Reconciliation Act of 1990.

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1 Bureau of Economic Analysis, U.S. Department of Commerce.

2 CBO Testimony, Statement of James L. Blum, before Senate Committee on Environment and Public Works, March 5, 1991, p. 9.

Recently, the leadership of the House Public Works Committee proposed an alternative reauthorization plan calling for a five year, $119 billion highway program. This legislation proposes a federal funding level of $21 billion in 1992 and $24.5 billion in each of the succeeding four years. It would be funded from the Trust Fund surplus and the receipts from the recent 5 cent federal fuel excise tax increase, including the 2.5 cents that went to deficit reduction. The RCCC endorses greater federal spending.

Time is of the essence, however. The Department of Transportation estimates that about 40 percent of our roads are currently in fair or poor condition, and nearly 28 percent of our bridges are structurally deficient or functionally obsolete.

The sooner the government allocates the necessary funds to rebuild our infrastructure, the less expensive the task will be. For example, the road builders estimate that it costs about $125,000 per mile to resurface a two lane road in "fair" condition. However, that cost increases nearly 500 percent to $600,000 per mile if that road is allowed to deteriorate to a "poor" condition.[3] Clearly, the sooner we start rebuilding our roads, the more we, as a Nation, save in total costs and lost productivity. Therefore, it is imperative that we provide as much additional funding as possible in the beginning of this five year program.

## FEDERAL/STATE FUNDING RATIOS

The Administration proposes to restructure the Federal-Aid Highway Program into three main components: (1) a national highway program; (2) an urban and rural program; and (3) a bridge program.

Importantly, the Administration endorses a National Highway System (NHS) that would encompass about 150,000 miles, including 43,000 miles of Interstate highways, the Defense Highways, and principal arterial routes. Funding for the NHS would increase from $7.7 billion in 1992 to $11.2 billion in 1996.

The federal government would continue to provide 90 percent of the funding for the completion and reconstruction of the interstates. However, it would only provide 75 percent of the funding for these other primary roads that connect cities and centers of economic activity handling approximately 70 percent of all commercial freight activity.

**The RCCC recommends that the federal government provide 90 percent of the funding for projects pertaining to all these vital highways on the proposed National Highway System (NHS).**

The Administration's new urban and rural program will comprise approximately 700,000 miles of non-local roads. Funding for this program would increase from $3.9 billion in 1992 to $5.7 billion in 1996. A state would also be allowed to transfer up to 15 percent of its NHS funds to urban and rural projects if the Secretary of Transportation determines that its interstate roads are adequate.

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3 The Road Information Program (TRIP), 1990 State Highway Funding Methods, P. 6.

The Administration proposes to provide 60 percent of funding for these urban and rural projects. Again, this is a reduction in the current federal level of 75 percent. **The RCCC recommends that the federal government maintain its current 75 percent funding level.** While a federal matching ratio lower than 90 percent is appropriate for urban and rural roads, many of these secondary roads link agricultural and smaller communities to the primary road system. A 75 percent funding level is appropriate to preserve this link.

Last, but not least, the proposed bridge program would provide $1.8 billion in 1992, increasing to $2.8 billion in 1996 to rehabilitate or replace existing bridges. The federal matching share would be 75 percent, except bridges on Interstates would receive 90 percent federal funding. The current 80 percent federal funding level for noninterstate bridges should be maintained.

The increased federal funding levels recommended by the RCCC can be managed under our proposed federal highway appropriations discussed above. They are warranted and can be managed by the federal government.

The Administration's proposal to shift more of the financial burden to the states is ill-advised and unfair. It is ill-advised since the states, through the National Governors Association, have already testified before Congress that the debt-ridden states and localities cannot shoulder the increased burden.[4] It is unfair because the state and local governments already bear the lion's share of total costs for our highways. In 1988, state and local governments spent $53.53 billion on transportation, or 77.6 percent of the total of $69 billion in governmental expenditures. In contrast, the federal government spent $15.47 billion, or 22.4 percent. Moreover, the state and local share has been increasing. In 1980, they contributed 74 percent and the federal government contributed 26 percent.[5]

Our recommended higher federal matching ratios will restore the historical federal/state contribution ratios on highway projects of national importance and, importantly, facilitate the timely repair and building of needed roads.

## TOLLS

The Administration proposes to allow the states to use up to 35 percent of their federal funds to construct new, noninterstate toll roads or convert existing, noninterstate roads into tolled facilities. We are opposed to using federal funds for either new toll roads or converting and maintaining existing roads through tolls. The states should have the option of **either** using federal funds for construction and maintenance of particular roads, or foregoing the federal funds on particular roads and using tolls as the means to finance construction, improvements, or maintenance.

When a state is allowed to use both federal funds and tolls, motor carriers and other highway users are subject to double taxation. They pay federal highway user fees and also the state toll fees.

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4 Statement of National Governors' Assn., by Honorable Wallace G. Wilkinson, before the House Public Works and Transportation Committee, February 20, 1991.

5 FHWA, Highway Statistics (1980 and 1988).

As a basic concept, we support a toll free national highway system. We recognize, however, that tolls can play a role in financing new construction, improvements, and maintenance that might not otherwise occur. Tolls generally impact vehicle operators in proportion to their road usage. Thus, local and regional highway users benefitting most from the toll road will appropriately pay a higher proportion of the fees. However, when federal funds and toll fees are both employed, the out-of-state operators are subsidizing state and local road programs through their federal highway user fees. This is unfair.

## STATE TRUST FUNDS

Currently, 34 states have highway trust funds and another 13 states have multimodal transportation trust funds. (See Appendix A.) Only the states of Alaska, New York, Rhode Island, and the District of Columbia lack any type of trust fund. The trust fund mechanism has proven to be a fair and effective mechanism to provide revenues for our highway and transit needs. The federal government should encourage and provide an incentive for all the states to establish trust funds.

In 1988, state highway user taxes provided $44.9 billion or over 83 percent of all state and local highway program revenue. Unfortunately, not all the states' highway user revenue is dedicated to transportation projects. Currently, 30 states constitutionally dedicate highway revenues to highway programs. Six states partially dedicate revenues, and 14 states and the District of Columbia have no dedication provision.[6]

While it is difficult to quantify the exact amount of highway user revenue diverted to nontransportation programs, it is likely to amount to billions annually. Our infrastructure can ill-afford to lose such precious revenue.

The RCCC, therefore, recommends that Congress provide a financial incentive for all states to establish either a highway or transportation trust fund and dedicate all such revenue to transportation programs. This could be accomplished by providing full federal funding under the various highway programs only to those states that comply with such a requirement. Those states that do not comply could be given, for example, 5 percent less federal matching funds. Their right to transfer up to 15 percent of federal interstate funds to urban and rural programs also could be withdrawn.

## EQUIPMENT PRODUCTIVITY

Just as our infrastructure must change with time, so must our transportation equipment. The trucking industry and economy have realized significant productivity gains through the use of longer combination vehicles, including triple 28 foot trailers and twin 48 foot trailers. Currently, 20 states allow so-called longer combination vehicles (LCV) to operate on the highways under a special permit process which typically imposes special requirements on the drivers, equipment, and roads. (See Appendix B.) The Western Highway Institute data clearly indicate that LCVs have an exemplary safety record based on documented travel. (See Appendix C.) Moreover, the productivity benefits to the Nation are significant. A national LCV network, administered by the states, would result in annual savings of over $4

6 TRIP Report, note 3, supra, at p. 47.

billion to the economy, according to a report conducted by Sydec, Inc. for ATA.

These higher productivity vehicles provide additional benefits. They consume less fuel on a per ton-mile basis than other trucks. Consequently, they will help conserve our domestic oil supplies and reduce our growing dependence on foreign oil. They also will assist our Nation's clean air program. These LCVs produce less pollutants since they consume less fuel on a ton-mile basis. Additionally, they will help in reducing highway congestion since fewer trucks will be required to transport the same amount of freight. Importantly, LCVs provide one means for the trucking industry to address the mounting shortage of qualified truck drivers, particularly in the truckload segment.

The federal government currently allows the states to authorize their use, as well as other vehicles – such as buses, construction equipment, and waste haulers – through grandfather provisions to the existing 80,000 pound federal gross vehicle weight limit. Efforts by the railroads and others to turn back the clock and stifle productivity by eliminating these grandfather rights should not be tolerated by Congress. Congress should therefore not adopt H.R. 1226, a bill that would undermine the existing grandfather rights of states.

The railroads provide service to less than 10 percent of the Nation's cities, while trucking provides service to all. For more than 90 percent of the cities we provide the only freight transportation service. It is wrong to withhold from the people of these cities the opportunity for better and more productive services. Railroad interests are wrong in this matter.

TRB calculated in its Truck Weight Limits report to Congress that the elimination of the grandfather provisions would increase truck transportation costs by $7.76 billion annually, result in nearly 29,000 additional truck accidents annually, and increase truck travel by more than 4 billion miles, requiring a great deal more fuel. H.R. 1226 is contrary to the Nation's needs and objectives.

Instead, Congress should adopt the recommendations of the Transportation Research Board in its Truck Weight Limits Report to Congress last year. TRB recommends that all states be allowed to establish special permit programs authorizing certain vehicles in excess of 80,000 pounds to operate. These permit programs would have to include the following key features. A state would have to designate the routes upon which the overweight vehicles may operate and would have to check all bridges. The maximum weight for permit vehicles over 80,000 pounds should be no greater than that given by the current bridge formula for vehicles with up to nine axles. Thus, depending on the axle group length, 7 axle vehicles could handle up to 122,000 pounds and 9 axle vehicles up to 130,000 pounds. Furthermore, TRB recommends that states establish fee structures for permits that cover any increase in highway agency costs from the permit vehicles, as well as the costs of administration and enforcement of the programs. TRB's recommendations are sound and should be adopted by Congress.

If Congress believes that it is not advisable to adopt the TRB recommendations at this time, it should make permanent the authorization to the state of Wyoming to permit vehicles in excess of 80,000 pounds to operate on the Interstates and Defense Highways within

the state. This demonstration project has proven successful in improving transportation productivity and economic growth without a degradation in safety.

Moreover, Congress should authorize other states to establish similar demonstration projects for up to three years. Congress could establish minimum requirements pertaining to the vehicles, including gross weight, drivers and companies to ensure safety. The states would then impose such requirements through a permit process for motor carriers.

A temporary authorization to the states for such demonstration programs would allow the states and federal government to obtain empirical data of the productivity, economic impact and safety impact of such vehicles in actual service. Congress could then make an objective decision on the impact of the TRB recommendations.

## STATE TRUCKING REGULATION

The Administration's bill, in Section 508, proposes to preempt the right of states to economically regulate truck transportation within their borders. This would be accomplished by barring the application of their licensing, rate, tariff, and other provisions to the intrastate operations of interstate trucking companies. Congress should reject this preemption request.

In most cases, state economic regulation of trucking predates federal regulation enacted in 1935. It serves to accomplish on the state level the objectives embodied in the Interstate Commerce Act. State economic regulation seeks to promote safe, productive transportation services at reasonable rates to all shippers and commodities. State regulation is not static; it is constantly reassessed and modified, if necessary, to meet the changing or special needs and demands of a state.

Forty-two (42) states currently regulate trucking in one form or another. Since 1980, five states have deregulated or substantially reduced economic regulation of trucking. Numerous other states have reevaluated and modified truck regulation according to their assessment of the public interest. In 1990 and the beginning of this year alone, the states of California, Indiana, Illinois, Michigan, Minnesota, Utah, and Washington have considered legislative or administrative proposals to alter their regulatory programs. In 1989 California, which is often the bellwether state, substantially relaxed general freight trucking regulation. However, its revised program actually beefs-up the licensing requirement to promote safety; it retains rate filings for contract and common carriers to promote pricing information and deter discrimination, and also establishes a rate floor and rate cap to avoid unreasonable pricing.

Federal preemption would undermine California's revised regulatory program (as well as 41 others) which is the product of nearly two years of hearings that resulted in a carefully crafted program tailored to the needs of that state. This is inappropriate.

The states should have the right to retain the authority to fashion regulations expressly suited to their own needs. A state's right to control activity within its borders is a fundamental right that should not be lightly discarded. Congress has considered such action in the past only upon clear and overwhelming evidence that the states, individually and

collectively, have acted intransigently and burdened commerce. Such conditions are simply not present.

The states are continually reviewing and modernizing their regulations to reflect public interest. One shoe does not fit all. Many states, particularly rural ones, believe that effective trucking regulation promotes the service and rate levels necessary for their business climate. Others value its safety benefits and labor stability. They need to, and should have, the right to choose the system to best fit their needs. The states recognize the need to adapt to changing times and are the best qualified to administer to their own needs. Consumers and the electorate will tell them when change is necessary. Federal preemption is not appropriate in these circumstances.

Respectfully submitted,

William M. Clifford
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April 18, 1991

# APPENDIX A

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Background for Highways

# 1990 STATE HIGHWAY FUNDING METHODS

*An Analysis and Update*

*Prepared by:*

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*Founded in 1971, The Road Information Program (TRIP) of Washington, D.C., is a non-profit organization which researches, evaluates and distributes economic and technical data on highway transportation issues. TRIP is sponsored by energy and insurance companies; equipment manufacturers, distributors and suppliers; businesses involved in highway engineering, construction and financing; labor unions; and organizations concerned with an efficient and safe highway transportation network.*

The following state-by-state chart shows which states have designated "Transportation Trust Funds" -- which may include funding for transit, rail and air, in addition to highways -- and those which have designated "State Highway Funds." The chart also indicates whether revenues to these funds are dedicated to transportation/highway purposes.

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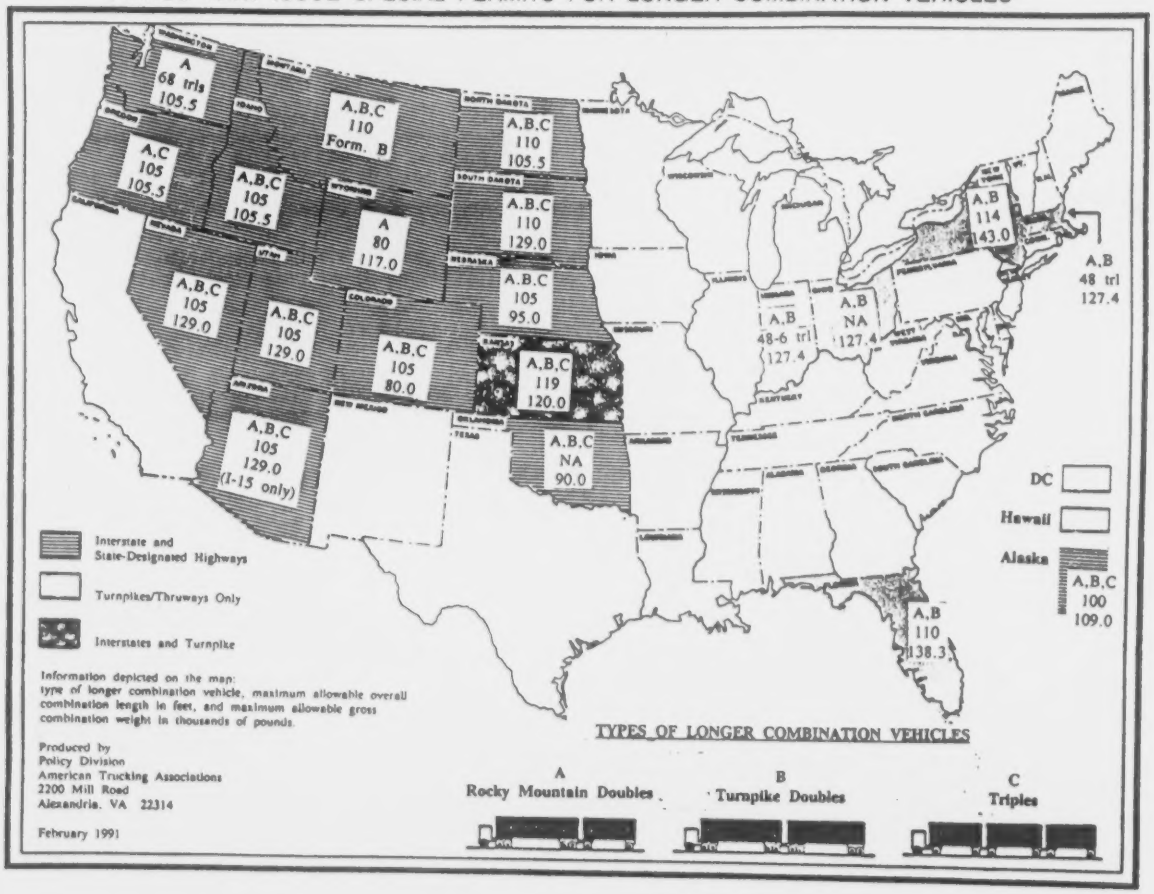
**Designated Trust Funds**

| | Transportation Trust Fund? | State Highway Fund? | Are revenues Dedicated?* |
|---|---|---|---|
| Alabama | No | Yes | Yes |
| Alaska | No | No | No |
| Arizona | Yes | Yes | Partial |
| Arkansas | No | Yes | No |
| California | No | Yes | Yes |
| Colorado | No | Yes | Yes |
| Connecticut | Yes | No | Yes** |
| Delaware | Yes | No | Yes |
| D.C. | No | No | N/A |
| Florida | Yes | No | No |
| Georgia | No | Yes | Yes |
| Hawaii | No | Yes | No |
| Idaho | No | Yes | Yes |
| Illinois | No | Yes | Yes |
| Indiana | No | Yes | Yes |
| Iowa | No | Yes | Yes |
| Kansas | No | Yes | Yes |
| Kentucky | No | Yes | Yes |
| Louisiana | Yes | No | Yes |
| Maine | No | Yes | Yes |
| Maryland | Yes | No | Partial |
| Massachusetts | No | Yes | Yes |
| Michigan | Yes | Yes | Yes |
| Minnesota | Yes | Yes | Yes |
| Mississippi | No | Yes | No |
| Missouri | No | Yes | Yes |
| Montana | No | Yes | Yes |
| Nebraska | Yes | Yes | No |
| Nevada | No | Yes | Yes |
| New Hampshire | No | Yes | Yes |
| New Jersey | Yes | No | Partial |
| New Mexico | No | Yes | No |
| New York | No | No | No |
| North Carolina | Yes | Yes | Yes |
| North Dakota | No | Yes | Yes |
| Ohio | No | Yes | Yes |
| Oklahoma | No | Yes | No |
| Oregon | No | Yes | Yes |
| Pennsylvania | No | Yes | Yes |
| Rhode Island | No | No | No |
| South Carolina | No | Yes | Partial |
| South Dakota | No | Yes | Yes |
| Tennessee | No | Yes | No |
| Texas | No | Yes | Yes |
| Utah | No | Yes | Yes |
| Vermont | Yes | No | No |
| Virginia | Yes | Yes | Partial |
| Washington | No | Yes | Yes |
| West Virginia | No | Yes | Yes |
| Wisconsin | Yes | No | No |
| Wyoming | No | Yes | Partial |

* to either or both funds
** by state statute

# APPENDIX B

## STATES THAT ISSUE SPECIAL PERMITS FOR LONGER COMBINATION VEHICLES*

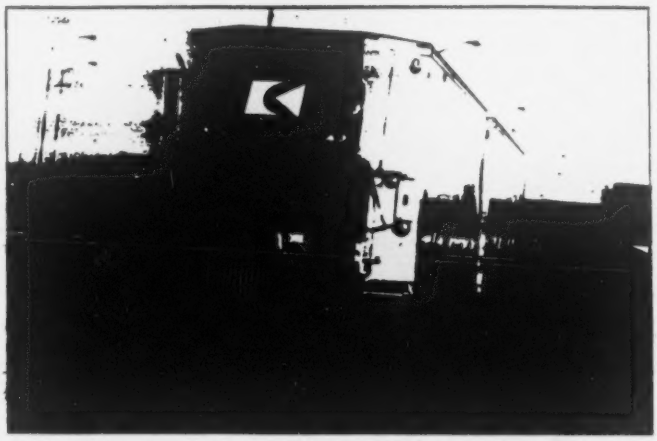


# APPENDIX C

# LCV Operations in the Western USA

By Byron L. Geuy

In many advanced national economies since World War II truck transportation has become the preeminent mode of surface transport in terms of contribution to gross national product if not in ton miles transported. Because of its pervasiveness throughout the economy, truck transport is an obvious focal point to improve efficiency and productivity of freight movement. The pressure to make trucking more efficient is very apparent in those parts of North America where dependence upon truck transport is greatest. The limited rail network and absence of any extensive navigable waterway routes in Western North America underlie the emergence of improved truck transport technology in that region. Long distances between urban centers, low population densities, and natural resource-based economies are major factors encouraging the development of more efficient truck transport.



The purpose of this paper is to present a summary of the Western states' development of more productive trucks, their status in the late 1980s, and discussion of the factors influencing the acceptance and expansion of this transport technology in the United States.

## WHAT ARE MORE PRODUCTIVE TRUCKS?

In the U.S. context more productive trucks are commonly referred to as "longer combination vehicles" (LCVs). The three most common LCV configurations in service in the U.S. are as follows:

The Rocky Mountain double which consists typically of a three axle tractor pulling a 48' semitrailer and a 28' full trailer. Overall lengths can range from 75' to 98'. Gross weights can reach 110,000 lbs with seven axles.

The Turnpike double which consists of a three axle tractor pulling a 45' or 48' semitrailer and another trailer of equal or similar length. Overall lengths may range from 104' to 118' depending on trailer lengths and tractor wheelbase. Practical gross weights, when limited by the federal bridge Formula B, can reach 129,000 lbs with careful loading over nine axles.

The Triple combination which usually consists of a two axle tractor pulling a 28' semitrailer and two 28' trailers. Overall lengths again vary with tractor wheelbase and other minor hardware options from 98' to 110'. A three axle tandem drive tractor is sometimes used, which adds about one meter to overall length. Gross weights under Formula B can reach 115,0000 lbs but typically are well under 100,000 lbs because this combination is favored by less-than-truckload (LTL) carriers whose average freight density frequently causes "cube out" loading limitations.

More detailed typical dimensional and weight specifications for these configurations are shown in Figure 1. Two other less frequently seen LCV types operated in some of the Western states are: a truck pulling two trailers (with dimensions comparable to triples) and the LCV auto carrier consisting of truck with B-type hitch arrangements for the two following semitrailers. This configuration has an overall length in the 100' range. Auto carriers offer the only relatively common example of a B-train hitching linkage operated in the U.S. at this time.

## WHERE DO LCVs OPERATE IN NORTH AMERICA?

Of the 17 states from the Pacific Coast of the U.S. eastward to and including the six states of the Great Plains, 14 permit the operation of some type of LCV. Only Texas, New Mexico, and California along the southern tier of states prohibit their operation in this vast area. This generalization, however, is deceptive upon closer examination. Thirteen states permit Rocky Mountain doubles, 11 allow Turnpike doubles, and 11 permit Triples.

Other discontinuities in LCV operation are apparent upon examination of Table I. The discrepancies in permissible gross weights, access, and other operational restrictions assure much less than optimum transport efficiency. For example, LCVs in Colorado can load no heavier than tractor semitrailers. Triples in Nebraska must operate empty and Rocky Mountain doubles trailers are limited to 68' including connecting device in Oregon and Washington.

In addition to the public highways mentioned, LCVs also operate in 1,560 miles of toll roads (turnpikes) in six middle Western and Eastern states as shown in Table I. All six states permitted LCV operations prior to any public highway operation in Western states. It should be noted

that turnpike administrators are motivated by business principles seeking to pay bond holders, maintain the capital facility, assure user safety, and encourage patronage from the dominant customer group, automobile drivers. After 25 to 30 years of continuous operation of LCVs on these turnpikes, it may be presumed their use of these facilities is economically and environmentally compatible.

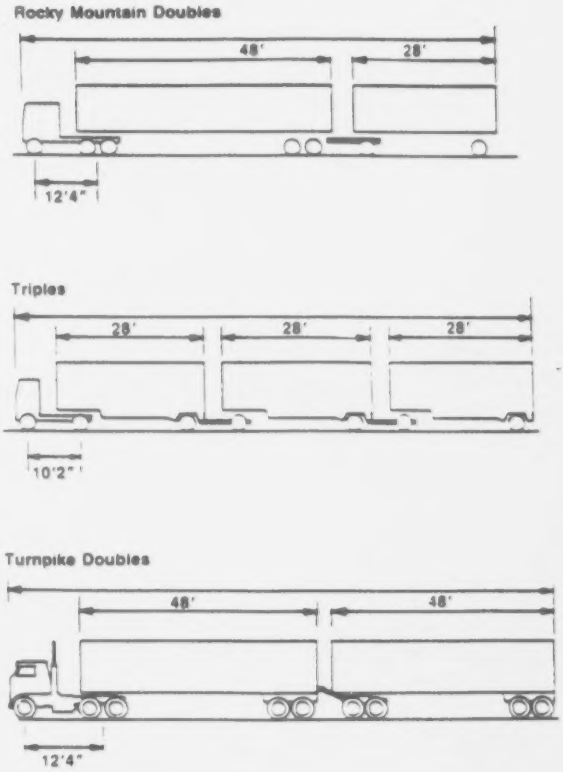
## BRIEF HISTORY OF LCV DEVELOPMENT

A number of factors combined with a cooperative industry/government process have shaped the present status of LCV use. Knowing the past is important in assessing the future of this transport technology.

The federal government's control of axle, tandem, and gross weight limits on the interstate system of highways effectively capped truck productivity at 73,280 lbs in 1956 and in 1974 at 80,000 lbs gross combination weight (GCW) for configurations in regular operation on all highways. One of several "grandfather" provisions in the federal law enabled states with statutory oversize/overweight special permit issuance authority in 1956 to continue to exercise that right.[1] Nearly all states in the Western region had authority in 1956 and it remains the basis for all LCV operations to this day. A few of the gaps on the maps represent states without the requisite grandfather authority. The future lies with corrective federal legislation. In summary, the interstate system is vital to an integrated LCV network. A special permit system is a legal necessity to operate an economically viable LCV network.

Western highway engineers with extensive road systems and comparatively low average daily travel from tax generating vehicles have emphasized low axle loads and stretched out equipment to avoid concentrated bridge loadings. Federal Formula B effectively reduces average axle loads as lengths and gross weight increase. This strategy conserves construction and maintenance funds. It dovetails with the Western truck operator's trailer (long or short) to either of the two common configurations in regular service. This approach provides a very cost effective way of gaining payload without obsoleting a major investment. However, the development of the necessary vehicle refinements and administrative control systems did not happen overnight. They have been the result of a 25-year evolutionary process beginning in the mid 1960s.

Figure 1. Typical dimensions of three common long combination vehicles.




That process can be capsuled into the following steps:

The trucking industry conducted research to develop hardware. Recently, government has sponsored limited research on componentry but not exclusively for LCVs.

Industry and state/province governments jointly conducted tests on performance, evaluated routes, and instituted operational test programs.

Established industry organizations developed regional objectives for LCV sizes and weights and guidelines for special permit rules and regulations.

Industry and government coordinated these same items through public sector organizations, such as legislatures, executive department agencies, and regional bodies of officials.

The development of uniformity in the LCV arena is a voluntary activity to date without federal involvement except for two recent studies of the concept. [2]

There is an extensive technical bibliography documenting the multitude of tests, public and private, which have been conducted during the 25 years of LCV development. The Western Highway Institute (WHI)

**Table 1 Status of Longer Combination Vehicle Operations in the United States and Canada**

| Jurisdiction | Longer Combinations Rocky Mtn Dbls (RMD) | Turnpike Dbls (YD) | Triples (TR) | First Operation in | Maximum Length (Feet) | Maximum Gross Weight (lbs) | Highway Restrictions | Operational Restrictions |
|---|---|---|---|---|---|---|---|---|
| Alaska | x | x | | 1981 | 90 Comb Trailers | 109,000 | Designated state hwys | Units shall not convoy |
| Arizona | x | x | x | 1976 | 105, RMD 90 | 111,000 | I-15 only (29 miles) | 500' min distance, right lane, adverse weather (triples) |
| Colorado | x | x | x | 1981 | 105, RMD 95, Trk Trlr 85 | 80,000 | Designated interstate segments | Adverse weather traffic conditions, right lane, 600' min distance |
| Idaho | x | x | x | 1968 | 105 | 105,500 | Designated state high ways based on offtracking | Reduce speed or discontinue operations in adverse weather, right lane, 600' minimum distance |
| Montana | x | x (104 80 ft) | x | 1968 | 95 TR 110 | Unstipped Table B | RMD& TD all state hwys TR Interstate hwys | None TR special rules |
| Nebraska | x | x | x | 1984 | 105 | Empty | None subject to local rules | Trailer delivery only |
| Nevada | x | x | x | 1968 | 105 | 129,000 | None, all state hwys | Minimum distance, right lan |
| North Dakota | x | x | x | 1981 | 110 | 105,500 | Designated state hwys, 10 miles access | Prohibited during adverse weather |
| Oklahoma | x | x | x | 1986 | TR 3229, NR | 90,000 | Designated 4 lane hwys plus access | 500' min dist right lane, adverse weather |
| Oregon | x | | x | 1967 | 105 | 105,500 | Designated state hwys | Prohibited in adverse weather, special rainy weather rules |
| South Dakota | x | x | x | 1978 | 110, RMD 90, TR 105 | TD 129,000, RMD, TR 105,000 | TD I-29 & I-90 only, RMD designated state highways | TD right lane |
| Utah | x | x | x | 1969 | 105, RMD 92 & 98 | 129,000 | TR and TRS 4 Lane except local delivery | Prohibited in adverse weather, right lane, 500' minimum distance, no convoys |
| Washington | x | | | 1974 | | 105,500 | None | None |
| Wyoming | x | Exit | | 1974 | 80 combined trlrs with hitch | 117,000 | None all state hwys weight under 105,500 on Interstate | None |
| Toll Authorities | | | | | | | | |
| Florida Turnpike | | x | | 1966 | 110 | 138,273 | 272 miles | 40 mph minimum speed |
| Indiana Toll Road | x | x | x | 1964 | 108 | 127,400 | 157 miles | 45 mph min speed, 500 min distance, passing rules |
| Kansas Turnpike | x | x | x | 1964 | 119 | 129,000 | 241 miles | Restricted in adverse weather road conditions |
| Massachusetts Tpk | x | x | | 1959 | 108 | 127,400 | 132 miles | 500' min dist , spec passing rule |
| New York Thruway | x | x | | 1959 | 114 | 143,000 | 531 miles | 500' min dist , passing rule |
| Ohio Turnpike | x | x | Exit | 1960 | 108 | 127,000 | 241 miles | |
| Canadian Provinces | | | | | | | | |
| Alberta | x | x | x | 1969 | 115, RMD 95 | 118,000 | 11A&1Bs 4 lane, RMD designated hwys | Restricted during weekend hours "B" Dolly |
| Manitoba | x | | x | 1982 | 102 5 | 118,000 | Brandon Winnipeg (120 miles), RMD designated hwys | Restricted during weekend hours |
| Quebec | | x | x | 1982 | 110 | 126,000 | Quebec City Montreal (118 miles) | Restricted during winter months and weekend hours, min distance |
| Saskatchewan | x | x | x | 1980 | RMD 98, TR 108, TD 118 | 118,000 | Saskatoon Regina (155 miles) RMD not on designated highways | "B" dolly required, prohibited in snow and ice |
| Totals | 24 | 22 | 21 | 15 | | | | |

Table II Handy Reference Chart on Performance of Five Typical Long Truck Combinations

| Type, Code, and Minimum STAA Trailer Length (Trailers are 102" Wide) | Typical Length ft | Usual Limit Kip (t) | | Equiv. 18k Axle Load | | Maximum Off-Tracking (@ R = 50') ft | Per Ton of Payload (3.52 × 100%) lbs Wt | | | Freight Hauled (3.52 × 100%) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GCW | Payload (Cube) | Flexible | Rigid | | Pavement Effect Flex (Rig) | Bridge Effect 100' Span | Fuel @ 5 PCF Density | Light | Air |
| 48' 3-S2, Tractor Semitrailer | 65 | 80 | 50.5 (3500) | 2.3 | 4.1 | 6.0 | 100 | 100 | 100 | 100 | 60 |
| 28' 28' 2-S1-S, Twin Trailer | 70 to 75 | 80 | 46.5 (4100) | 1.5 | 3.5 | 4.7 | 175 (98) | 102 | 91 | 117 | 92 |
| 48' 28' 3-S2-S, Rocky Mountain Double | 90 to 95 | 105.5 | 65.5 (5550) | 3.4 | 4.4 | 7.5 | 114 (83) | 76 | 76 | 159 | 110 |
| 48' 48' 3-S2-4, Turnpike Double | 115 to 120 | 105.5 | 50 (7080) | 3.1 | 3.6 | 11.0 | 80 (57) | 76 | 76* | 200 | 119 |
| 28' 28' 28' 2-S1-2-2, Triple Trailer | 100 to 105 | 105.5 | 61.5 (6150) | 3.6 | 3.6 | 7.5 | 129 (72) | 76 | 76* | 176 | 122 |

*Gross weight is achieved before cubic capacity is fully utilized; lower density freight would result in lower relative fuel consumption.

alone has prepared eight major technical reports on horsepower, traction, offtracking, splash and spray, etc. [6–9] and in 1980 summed it all up in a 500 page report to the Transportation Research Education and Development Foundation.[11] Every contiguous Western state has conducted tests of LCVs, some two and three times. Nine states have produced 13 published reports on their research.[8,12] In addition, an extensive body of literature exists on various components and performance characteristics of LCVs as investigated by equipment suppliers, consultants, universities, etc. The synthesis of this work in each state's rules and regulations and permit enforcement process represents the balancing of positive and negative performance and productivity characteristics which are unique to each configuration and, in some degree, to each jurisdiction's operating environment.

To facilitate the adoption of compatible, if not uniform, guidelines, WHI published a set of LCV model rules and regulations together with a set of 11 model administrative forms in the early 1970s. Most states used them initially, but gradually adjusted them to fit their experience, with the result that considerable nonuniformity now exists. In early 1987 WHI, together with Western state trucking associations and a committee of administrators cooperatively reviewed and revised the set of model rules.[13]

The revised rules continue to be stringent on such points as driver control, equipment specifications, speed, stability, operating procedures, insurance, and accident reporting.

## MEASURES OF LCV PERFORMANCE

In the discussion that follows, the attempt is made to briefly characterize the performance of LCV operations in the Western U.S. according to a number of variables as reported by individual users, officials, and researchers to give some flavor of their contributions to the Western transport system. It is fundamental that each type of LCV performs differently and is selected by the operator for its particular blend of qualities. Similarly the state rules and regulations applicable to each type LCV typically vary to adjust for those critical performance differences as they affect public safety.

### *Productivity*

Table II provides a handy reference chart of key performance variables by three LCV types compared with the two standard truck configurations in ordinary (nonpermit) operations. Columns 4, 11, and 12 particularly illustrate the absolute weight and cubic capacity of these units as well as their comparative performance by index number. The gross weight of 105,500 lbs in the table is the most common gross limit observed by five states. Seven others are more liberal with four allowing full Formula B giving a theoretical addition of 23,500 lbs at nine axles on Turnpike doubles. Formula B would permit 110,000 lbs on Rocky Mountain doubles.

Industrywide LCV productivity data are not available. However, anecdotal information from users' federal testimony is suggestive of the magnitude of savings obtainable. Western experience *if* projected nationally would yield a 25 percent reduction in one of the three largest carriers' fleets — a $43,000,000 saving. Another carrier in the top three projects a national savings of 20 percent of its miles, based on Western experience.[2] Edson Express reportedly uses Rocky Mountain doubles for 90 percent of its LTL operations because the consumption patterns of small towns favor a mix of truckload freight outbound and LTL inbound.[1] The joint industry questionnaire for the 1985 federal LCV network study revealed about 1200 permittee companies in only four Western states, indicating extensive regional use of LCVs.

The Utah Motor Transport Association reports an average departure schedule of over 600 LCVs leaving Salt Lake City daily. The President of Holly Sugar reported that LCVs were responsible for transport savings enabling two to three Western sugar refineries to stay in operation. Wyoming's two year test of increased

weight on the interstate system by over 450 permit operators showed nearly 75 percent used Rocky Mountain double equipment, while comprising less than two percent of the truck traffic on one interstate route and seven percent on another. The study nevertheless resulted in 26,000 fewer trips and a saving of 670,000 gallons of fuel. One bulk cement carrier reduced rates 14 percent as a result of LCV equipment in the test.[4]

The statement is frequently made by LCV advocates that in America's deregulated trucking industry (with average operating ratios in the high 90s), LCV savings are passed on to shippers in large measure and help forestall rate increases.

*Fuel Savings*

Montana tests over four months showed triples saved 27 percent on fuel consumption over twin trailers. Utah found the saving to be 25 percent and Wyoming 23 percent. Turnpike doubles saved 42 percent over tractor semis in a 17 month test by South Dakota. Individual carriers report comparable figures. Salt Creek Freightways (now Edson Express) reported an 8.6 percent fuel saving for RMDs compared to doubles over a 2.5 year period. Fuel is a significant cost factor to truck operators.[5]

*Access*

Access is related to productivity because if the point of freight origin or destination, or points for food, fuel, repair, and rest, cannot be reached without breaking up the LCV into shorter configurations, then additional costs are incurred. A number of considerations mitigate restricted access. Of primary importance is the permit system itself. Individual routes are approved in advance after an engineering evaluation of road geometrics, structure adequacy, and the condition of traffic operations along the requested route.

Offtracking data in Column 7 of Table II illustrates that triples are slightly better than the standard, generally unrestricted, tractor semitrailer in turning characteristics. Triples are heavily used in point to point terminal operations which tend to be located on the periphery of metropolitan areas. It is a fact that the newer cities of the West have experienced their area growth in the automobile age. Truck terminal locations are sought to minimize traffic congestion away from core cities and near major interstate or circumferential freeways. When growth overtakes these outlying locations, as occasionally happens, the appreciation in land values can often offset a terminal move to a more favorable location. Indeed, a number of "takeovers" in the post deregulation trucking industry have appeared to be driven more by the real estate asset value than the transport earning capacity.

The transport industry has not sought LCV access beyond the lower traffic density ring on the outer circumference of urban areas. At break bulk terminals, refueling stops, or marshalling yards, whether publicly or privately owned, the LCVs can easily be broken down for delivery to final destination in conventional configuration. The reverse process is equally easy in the makeup of outbound LCVs.

Rocky Mountain doubles and short Turnpike doubles as well as truck and two trailers are often the configurations of choice for relatively short hauls of mineral, petroleum, and agricultural resources in the West. As the recent Wyoming study[6] illustrated, these hauls frequently are crucial to the economic viability of the plant, mine, or refinery involved. These facilities are relatively remote and with low traffic volumes being the norm on service roads, do not pose major access problems to LCVs.

The 1986 Western states LCV study by the Federal Highway Administration surveyed 14 criteria used by states for selecting LCV routes.[7] The most commonly used criteria were: limited access; four or more lanes; divided highway; 12 foot lanes; minimum curvature; and grade. Lesser factors were: minimum shoulder width; level of service; accident rate; passing lanes; and interchange spacing. Idaho has developed a scoring system for rating all routes and then uses offtracking ability of the LCV as the final classifying factor for permit eligibility to three classes of route system.[8] States that have the longest experience with LCVs have the simplest review process.

## HIGHWAY AND BRIDGE EFFECTS

Permit engineers in evaluating routes for LCV operation consider many factors. The Triples exert 26 percent less axle weight effect measured in equivalent standard axle loads (ESAL) per ton hauled than doubles on flexible and rigid pavements at the 105,500 lb GCW loading. Turnpike doubles impact pavements at the same 105,500 lbs up to 62 percent less than the tractor semitrailer. The Rocky Mountain double has intermediate performance. The indices are shown in Column 8 of Table II. Even when loadings reach full Formula B as permitted in four Western states, the pavement effects rating of LCVs is better than conventional equipment per ton hauled in comparable service. When tandem drive tractors are used with triples and loaded as high as 119,000 lbs GCW the pavement effects rating is still slightly better than the tractor semitrailer per ton hauled on flexible pavements, and 33 percent better on rigid pavements.

A computer analysis of four bridge types representative of many structures on the interstate and primary highways in the West has been undertaken.[9] Each bridge had three different span lengths. Each analysis confirmed the superior performance of the Triples and Turnpike doubles when measured against the tractor semitrailer or the bridge design vehicle. The study concluded that the use of LCVs would extend bridge life and reduce maintenance costs.

***The consensus of opinion asserts that the LCV safety record is better than that of trucks in general for many reasons. These are due to the special permit requirements under which they operate which assure generally higher standard highways, better drivers, better equipment, and above average weather conditions.***

These findings are not inconsistent with preliminary results reported by AASHTO from a comprehensive national bridge study by the University of Maryland. That study evaluated the impact of 11 vehicle configurations including the three common Western LCVs upon a national sample of over 300 bridges using 20 different combinations of standard bridge evaluation criteria. This study will also generate analytical software that will enable permit engineers to readily evaluate bridge capacity on proposed LCV routes as well as indicate cost effective strengthening measures in structures determined to be inadequate.[7]

## MECHANICAL ISSUES

Much of the early research of LCVs had dealt with ways to assure satisfactory mechanical performance by LCVs and their major component subsystems. This work continues to "improve the breed" and many of the findings are reflected in the LCV model rules and regulations. The following cursory visit to these performance measures can give only the briefest glimpse of the experience and research findings in each topic area:

### *Traction*

There are 94 Interstate System highway grades in the Western states with grades of five percent or more and 12 grades over six percent. Packed snow conditions can create traction limiting situations for Formula B loaded triples unless pulled by 4x4 tractors under these conditions. Permit rules in the affected areas guard against this eventuality as does close coordination between highway patrol, maintenance, and dispatch personnel.[8] Eleven states have weather restrictions for LCVs in their rules.

### *Horsepower*

Truck and engine manufacturers offer a range of engine and drive train components that assure acceptable acceleration and gradability on the most demanding Western LCV routes.[9] They also provide sophisticated specification analysis service to match hardware ability with operator requirements. Regulators have settled upon a simple-to-enforce speed on grade requirement to measure road performance.

### *Braking*

The requirement that all axles of an LCV apply braking force almost simultaneously led to the development and subsequent requirement for fast air transmission and release valves. The need for proper brake balance and compatibility of brake linings and valving is shared with conventional trucks. LCVs have several advantages contributing to their superior braking performance. Formula B or lower gross loadings assure individual axle loads well within the brake capacity of each wheel. On wet surfaces the wiping action of multiple trailing tires progressively improves the surface friction coefficient for rearward axles. Multiple unit vehicles exhibit a marked tendency to resist unbalanced override braking forces causing tractor jackknife and/or trailer swing. Triples particularly benefit from the stabilizing effect of the rear units, a phenomenon especially noticeable on ice course testing. LCVs easily meet all federal and state braking distance requirements.

### *Dynamic Stability*

The principles determining the dynamic behavior of various truck configurations are much better understood today than when LCVs were first used. However, the stabilizing effects of lowering the center of gravity, lengthening wheel bases, forward placement of heavier units, wide axle tracks, no slack hitches, stiff tires and suspension, lubricated fifth wheels, and proper forward set of tractor fifth wheels have long been recognized. They are evident in the model rules and regulations for LCVs. Proper equipment assures the ability of trailing vehicles to track within three inches of the line of towing vehicle.

As a result of more research, most of it through computer simulation, a question has been raised as to the yaw instability in rapid lane change of the rear trailer in conventional doubles, and particularly triples, operations. This research has given impetus to regulatory initiatives in Canada to encourage the use of B-train combinations and to the development of a satisfactory double drawbar dolly.[10] Analysis of accident statistics in the U.S. have not as yet provided any conclusive proof of this alleged design deficiency as the cause of an inferior safety record. As will be noted, LCVs in all their forms own the best safety records in the U.S. trucking industry — for whatever reason.

### *Offtracking*

Slow speed offtracking is well understood and the predictive models for this phenomenon are widely used in facility design by engineers and architects. As noted earlier, this characteristic, which varies considerably by configuration type as shown in Figure 1, is the basic determinant for differences in the route system permitted for Turnpike doubles and Rocky Mountain doubles.[4]

### *Backing*

As a general rule, configurations with one or two points of articulation can be backed a reasonable distance. However, tests have shown A-dolly doubles (three pivot points) or triples (five pivot points) can be backed up sufficiently far to pull around an obstacle in the traffic lane.[11]

### *Splash and Spray*

Suppression of vehicle splash and spray has proven to be a very complex problem. A great deal of industry and federal research effort has been applied to finding a solution. In the context of LCVs the studies have consistently shown lowest rankings for single drive axle doubles and triples in van configuration. These types respond well to the application of no-rebound synthetic grass type mudflaps and narrow side skirts. One state known for its high precipitation has required splash and spray "treatment" for LCV equipment.[8]

## HUMAN FACTORS IN LCV OPERATION

Federal legislation in 1987 now being progressively implemented through rulemaking is tightening the standards for all truck driver licensing in every state. Ultimately, it will prevent multiple licenses and create a national accident record center. The model rules place great responsibility upon permit holders to have an aggressive safety program including a documented driver training and certification program conforming to

applicable laws. The driver must have documented special instruction and training in the LCV type he is to operate and be under the control of the permit holder.

It must be admitted, however, as the 1986 FHWA report[9] details, that the states have not been sufficiently forceful in adopting these provisions. Nevertheless, it can be surmised that the permits are quite valuable and that their revocation by the state would be so damaging that carriers have voluntarily done an adequate job thus far in assuring that only senior experienced drivers are assigned to LCV operations.[10] A number of state reports have made this observation and it is a logical causal factor in the current LCV safety record.

## LCV SAFETY RECORD

The LCV highway accident experience is, of course, the ultimate measure of LCV safety capability. Unfortunately, state and national motor vehicle accident data provide very limited reliable accident rates by configuration type and exposure (miles of travel). Individual company data from many large fleets and from turnpike authorities show LCV accident rates well below those of conventional trucks.[11] The state of Nevada reported the 1986 rate for triples as 0.34 per million, that of doubles 0.90, the tractor semitrailers 2.1, and single trucks 2.77 and affirmed that it matches well with data from prior years.

The University of Michigan Transportation Research Institute (UMTRI) with the best national base on medium and heavy truck fatal accidents, reported 18,119 tractors involved in fatal accidents over the five year period (1980-84). Three percent were bobtails, 91 percent were pulling one semitrailer, five percent were pulling doubles, and only four tractors were pulling triples.[12] Suggestive as these numbers are, skeptics insist on accident data controlled for exposure, and comparable operating conditions. A feasibility study for that kind of data acquisition and analysis effort is now underway at UMTRI sponsored by the Motor Vehicle Manufacturers Association (MVMA) and Western Highway Institute (WHI).

It is perhaps fair to say that the consensus of opinion asserts that the LCV safety record is better than that of trucks in general for many reasons. These are due to the special permit requirements under which they operate which assure generally higher standard highways, better drivers, better equipment, and above average weather conditions.

## ENVIRONMENTAL FACTORS

In recent years federal legislation has established a timetable for reduction in truck noise levels. LCV power units will meet these requirements. As noted earlier, their areas of operation lie outside urban areas where the greatest concern for unnecessary noise is manifest. This is a fortuitous circumstance for the complete solution to the tire noise problem at speed has not been found and LCVs have many tires.

The problems of air quality in the nation's metropolitan areas are the subject of accelerated efforts at this time to meet mandated goals on a range of air contaminants. Although quantitatively small contributors to the air pollution burden in some of the more impacted areas like Los Angeles, Phoenix, and Denver, truck operators are being included in drastic strategies to effect improvements. Some of these would limit operating hours and require conversion to presumably cleaner fuels like methanol and liquid petroleum gas.[13] LCVs burn less fuel per ton of freight delivered and they do not penetrate the core areas of the metropolitan zones in question.

## TAXES

Taxes and permit fees applicable to LCVs reflect the same diversity in systems and levels as apply to trucks in regular operation.[14] In general, the trucking industry supports a permit fee system adequate to administer an effective administrative and enforcement program to ensure compliance with individual state LCV regulations. This program should include the capability for reporting meaningful LCV safety statistics and occasional reports, based on sampling techniques, relating to the economic and productivity aspects of LCV operation.

Highway user fees applicable to LCVs should be an integral part of the state's user fee structure and be based upon acceptable cost allocation procedures for the individual LCV types, considering effects upon various cost elements and annual travel by highway system.

In addition, the industry has demonstrated a willingness to contribute to the cost of upgrading certain highway facilities in specific areas to accommodate permit holders, groups of users, or shippers. Many states have procedures to enable these joint funding arrangements for various highway and related facility expenditures.

## JOBS AND LCVs

In general terms, organized labor in the trucking industry has actively opposed the spread of LCV operations although including premium pay in the national contract for LCV drivers. This position has been maintained despite the substantial decline in union truck driver membership since deregulation. The recently negotiated contract calls for approximately six percent annual increases over three years for an industry with composite operating figures barely avoiding red ink. LCVs offer one of the few productivity strategies to keep unionized carriers profitable and competitive. Further erosion in their numbers would seem to ensure a loss of jobs far more abundantly and certainly than the speculative decline that might occur over the short term from expanded LCV use. The problem is very similar to that faced by other industries in the U.S. seeking to install more efficient capital equipment to maintain or recover competitive position in the world market.

## RAILROADS AND LCVs

Railroads, with minor exception, are privately owned in the U.S. but historically have had a sympathetic ear from government. They also have become fewer in number, larger, and more competitively aggressive since deregulation early in this decade. In most areas of the West, trucks provide the only alternative mode of shipment for dry freight. Rail prices in the absence of rail, pipeline, or water competition are based on truck rates adjusted for the value difference in quality of service provided. Clearly in these circumstances, which obtain widely in the West, the more ineffi-

cient trucks are, or the higher their operating taxes become, the higher can be the railroad rate structure for competitive traffic.

A case study in the verification of the above scenario was provided in April 1988 in the publication of Wyoming's report on its two year LCV test. LCV transport provided the economic efficiency needed to break Union Pacific's monopoly on mineral shipments out of southwest Wyoming. LCV hauls of this commodity to central Wyoming and northwest Utah put two more rail-truck competitors into the market resulting in rate reductions for shippers and customers.[4]

Many railroads have recently acquired new trucking subsidiaries but these newcomers' contribution to consolidated corporate earnings are far too small at this stage to generate any expectation of change in the historic rail/government affairs strategy toward its very numerous but much smaller truck competition.

A close look at some aspects of LCV potential gives good reason to question rail fears of substantial traffic diversion modeled by the 1985 federal study. Triples operators are essentially LTL carriers — a market the railroads abandoned decades ago. Turnpike doubles are likely to have a very limited route system for many years and the special leading constraints forced by Formula B inhibit long haul truckload utilization of this configuration as demonstrated in the MHTA four state tests.[5]

Finally, Rocky Mountain doubles and short Turnpike doubles have shown themselves to be best adapted for mixed freight service to Western communities and short resource development hauls which the rail network either cannot service or has effectively abandoned. In reality, the modes are far more complementary than competitive and should be in step with each other and support productive innovation in each industry in the interest of national transport efficiency.

*Byron Geuy is Executive Director of the Western Highway Institute in San Bruno, California.* *This article first appeared in* ***Transportation Planning And Technology,*** *Vol. 14, 1989. It is reprinted with permission of Gordon and Breach Science Publishers, Inc., United Kingdom.*

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## What The Railroads Say. . .

It was widely publicized recently that the railroad industry is very concerned about the potential productivity gains made by the trucking industry in the states.

Thomas L. Finkbiner, Assistant Vice President of International and Intermodal Marketing for Norfolk Southern Corporation was quoted at the American Railroad Conference in Washington saying, that if the trucking industry is able to successfully lobby the state legislatures to allow twin 48-foot trailers in a majority of the states, then the future of intermodal movements by rail is in serious jeaopardy.

He acknowledged that today, motor carriers using "doubles," a 28-foot trailer combined with either another 28-foot or longer trailer achieves an operating cost of about 93 cents per mile. If twin 48-foot trailers became widely used, Mr. Finkbiner speculated that the operating cost would drop to about 54 cents per mile. He said, "We couldn't get within a Grand Canyon distance of that figure. If twin-48's are made legal, we might as well roll up our rails and go home because it's over."

New York
Building Congress, Inc.

TESTIMONY OF

LOUIS J. COLETTI

PRESIDENT & CEO, NEW YORK BUILDING CONGRESS

BEFORE THE

U.S. HOUSE SUBCOMMITTEE ON SURFACE TRANSPORTATION

WASHINGTON, D.C.

April 18, 1991

I AM LOUIS J. COLETTI PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE NEW YORK BUILDING CONGRESS, WHICH IS THE ONLY PRIVATE SECTOR ASSOCIATION REPRESENTING EVERY SEGMENT OF THE DESIGN, BUILDING AND CONSTRUCTION INDUSTRIES IN NEW YORK CITY. MR. CHAIRMAN, THANK YOU FOR INVITING ME TO SPEAK BEFORE YOUR SUBCOMMITTEE TO OFFER THE VIEWS OF THE BUILDING CONGRESS ON THE REAUTHORIZATION OF THE SURFACE TRANSPORTATION ASSISTANCE ACT.

I KNOW THAT THERE ARE PROBABLY PEOPLE IN THIS ROOM WHO ARE WONDERING WHY SOMEONE WHOSE MEMBERSHIP COMPRISES NOT A FEW HIGHWAY CONSTRUCTION CONTRACTORS WOULD COME TO WASHINGTON TO ARGUE THE CASE FOR MORE FEDERAL DOLLARS FOR NEW YORK'S SUBWAYS AND COMMUTER RAIL.

I REALLY DIDN'T WANDER OFF TO THE WRONG HEARING. I'M HERE BECAUSE I REPRESEN. A WIDE CONSTITUENCY, ALL THE ELEMENTS OF WHICH AGREE THAT URBAN MASS TRANSIT MUST BE AT THE TOP OF OUR AGENDA. THEY ADVOCATE A CONTINUING, VIGOROUS FEDERAL COMMITMENT THROUGHOUT THE 1990'S FOR THE BENEFIT OF THE PEOPLE OF NEW YORK AND THE FUTURE ECONOMIC HEALTH OF OUR NATION. CONSEQUENTLY, THEY VIEW THE ADMINISTRATION'S NATIONAL TRANSPORTATION STRATEGY AS A DANGEROUS THREAT BOTH IN THE NEAR-AND LONG-TERM.

WE'RE NOT HERE TODAY SHOPPING FOR AN EASY, OVER-THE-COUNTER CURE FOR OUR RECESSION. WE'VE LIVED THROUGH RECESSIONS BEFORE. THE MAJORITY OF OUR ORGANIZATION'S MEMBERS ARE BUSINESSMEN AND WOMEN

WHO KNOW HOW TO ADJUST TO A BUSINESS CYCLE.

NEW YORK ENTERED ITS ECONOMIC TROUGH THREE YEARS BEFORE THE REST OF THE NATION. IT STARTED WITH THE CRASH IN THE FINANCIAL MARKETPLACE IN OCTOBER 1987 AND IT HAS NOW STRUCK HARD AT THE REAL ESTATE INDUSTRY. IT MAY WELL LINGER HERE A COUPLE OF YEARS AFTER EVERYONE ELSE HAS RECOVERED.

EVEN SO, WE RECOGNIZE THAT WE WILL NOT GET OUR MEMBERS OUT OF THIS SLUMP BY BUILDING MORE ROADS AND SKYSCRAPERS. THERE IS SIMPLY NO PLACE TO PUT THEM. NOR COULD MORE ASPHALT AND CONCRETE EXTRICATE THE MOTORING PUBLIC FROM A PERVASIVE CONGESTION THAT BEGINS IN THE SUBURBS AND THE OUTER BOROUGHS AND SPILLS INTO MANHATTAN'S CENTRAL BUSINESS DISTRICT EVERY SINGLE DAY, CLOGGING OUR STREETS AND FOULING OUR AIR.

FOR RESIDENTS OF THE METROPOLITAN NEW YORK REGION SURFACE TRANSPORTATION MEANS RAIL LINES AND BUS LINES. THE "E" TRAIN IS TO US WHAT I-80 IS TO PENNSYLVANIA OR IOWA.

PRESIDENT BUSH, IN HIS ADDRESS TO A JOINT SESSION OF CONGRESS LAST MONTH, URGED QUICK ACTION ON HIS TRANSPORTATION PLAN, SAYING THAT, "IF OUR FORCES COULD WIN THE GROUND WAR IN 100 HOURS, THEN, SURELY THE CONGRESS CAN PASS THIS LEGISLATION IN 100 DAYS".

LIKE ALL AMERICANS, I WANT THE PRESIDENT TO HAVE A SUCCESSFUL

NEXT 100 DAYS AND I WANT THAT FOR NEW YORK CITY, TOO. I DON'T WANT THE KIND OF 100 DAYS NAPOLEON WAS REMEMBERED FOR. YOU'LL RECALL, HE RALLIED THE TROOPS, GRABBED A FEW HEADLINES THEN LOST CRUSHINGLY AT WATERLOO, FINALLY ENDING UP IMPRISONED ON A FORBIDDING, STORM-LASHED ISLAND.

NEW YORK WILL BECOME SUCH A DESOLATE PLACE IF WE LOSE AMERICA'S NEXT GROUND WAR -- THE FIGHT FOR SURFACE TRANSPORTATION, TRANSPORTATION CONSISTENT WITH EACH REGION'S PRESSING NEEDS, APPORTIONED IN AN EQUITABLE MANNER.

THE ADMINISTRATION'S PLAN AT THE MOMENT IS DISTURBINGLY SHORT ON EQUITY. AFTER THE DEVASTATING CUTBACKS BORNE BY ITS PUBLIC TRANSIT THROUGHOUT THE 80'S, NEW YORK NEEDS TO BE MADE WHOLE AGAIN. INSTEAD, WHAT WE FIND HERE IS A PROFOUNDLY UNJUST FUNDING FORMULA THAT WOULD EVISCERATE OUR SYSTEM. IN AWARDING AID BASED ON FUEL CONSUMPTION THE NEW PROPOSAL WOULD PUNISH US FOR BEING AN ENERGY-EFFICIENT CITY.

I OPENED MY NEWSPAPER ONE DAY LAST MONTH AND WAS SHOCKED TO FIND THAT LOS ANGELES, CITY OF ANGELS AND FREEWAYS, AND MIAMI, EACH WITH MORE MILES OF ROAD THAN WE HAVE, ARE SLATED TO RECEIVE MORE AID THAN WE WILL. SENATOR MOYNIHAN HAS NOTED THAT, IN A FEW YEARS, I-95 BETWEEN FT. LAUDERDALE AND MIAMI WILL HAVE TO BE 44 LANES WIDE TO PREVENT THAT STRETCH FROM EXPERIENCING NEAR-CONTINUOUS TRAFFIC DELAYS.

READING THIS PROPOSAL I ASK MYSELF IF THAT ISN'T WHAT D.O.T. HAS IN MIND. MAYBE, AGAINST ALL LOGIC, THE IDEA IS SOMEHOW TO BUILD OUR WAY OUT OF CONGESTION.

THEN TO PILE INJURY UPON INJURY, ALL OF NEW YORK'S FEDERAL OPERATING FUNDS ARE TO BE ELIMINATED AND WE CAN NO LONGER TOUCH THE GENERAL REVENUE FOR OUR CAPITAL EXPENSES. TRUE, WE CAN COMPLETELY DRAW DOWN THE MASS TRANSIT ACCOUNT OF THE HIGHWAY TRUST FUND BUT THAT WILL BE GONE BY FISCAL YEAR 98'.

IN THAT EVENT WE WILL HAVE TO TAP INTO THE GENERAL FUND AGAIN, OR THE NEW YORK SUBWAY AND BUS SYSTEMS, METRO-NORTH SERVICE TO WESTCHESTER AND CONNECTICUT AND LONG ISLAND SERVICE WILL EITHER DISAPPEAR, OR BE PRICED AT A LEVEL ONLY THE WEALTHY COULD AFFORD. AND THE SHAME OF IT IS THAT THE METROPOLITAN TRANSIT AUTHORITY HAS BEEN MAKING GREAT PROGRESS, WHICH IF ALLOWED TO CONTINUE, WOULD MAKE IT AN EXCELLENT FEEDER SYSTEM FOR AN OVERHAULED, REJUVENATED PENN STATION SERVING THE ENTIRE NORTHEAST CORRIDOR.

THE CAUSE OF GREATER REGIONAL COOPERATION WAS SPURRED ON THIS PAST MONDAY WHEN AMTRAK MOVED ALL OF ITS NEW YORK OPERATIONS INTO PENN STATION FROM GRAND CENTRAL STATION. AS THE RESULT OF THIS CONSOLIDATION, AMTRAK WILL BE ABLE TO PROVIDE DIRECT CONNECTIONS FOR RAIL TRAVELERS FROM UPSTATE NEW YORK WITH TRAINS ON THE NORTHEAST CORRIDOR AND THE LONG ISLAND RAILROAD. THE IMPROVED CONNECTIONS AT NEW YORK SHOULD GENERATE NEARLY 120,000 ADDITIONAL

PASSENGERS A YEAR FOR AMTRAK.

NEW YORK WILL CERTAINLY REQUIRE THAT ITS TRANSPORTATION INFRASTRUCTURE BE IN OPTIMUM CONDITION NEXT YEAR. BOTH THE DEMOCRATIC NATIONAL CONVENTION AND A SPECTACULAR OPERATION SAIL CELEBRATING THE 500TH ANNIVERSARY OF COLUMBUS' VOYAGE OF DISCOVERY WILL ATTRACT RECORD NUMBERS OF TOURISTS TO THE NATION'S TOURIST MECCA. IN ORDER TO BE GOOD HOSTS WE MUST HAVE THE ABILITY TO MOVE THEM AROUND MANHATTAN.

NEW YORK MUST HAVE THE ABILITY TO KEEP OUR NATION GLOBALLY COMPETITIVE. BY COMPARISON TO A NUMBER OF OUR FOREIGN TRADING PARTNERS, ALL OF WHOM INVEST FAR MORE HEAVILY IN PUBLIC TRANSPORTATION, AMERICA'S TRANSPORTATION INFRASTRUCTURE IS WOEFULLY INADEQUATE AND WE ARE PAYING THE PRICE. IT IS ESTIMATED THAT $73 BILLION IS WASTED ON TRAFFIC JAMS EACH YEAR -- $73 BILLION IN LOST PRODUCTIVITY, LOST WAGES AND EXCESS FUEL CONSUMED.

THE NEW YORK BUILDING CONGRESS HAS BEEN IN THE FOREFRONT OF THE RECENT SUCCESSFUL EFFORT TO URGE BOTH GOVERNOR CUOMO AND GOVERNOR FLORIO TO ACCEPT THE PORT AUTHORITY OF NEW YORK-NEW JERSEY'S TOLL INCREASE ON ITS HUDSON RIVER CROSSINGS. WE TOOK THIS POSITION, NOT ONLY TO BOOST ECONOMIC GROWTH IN THE TWO STATES, BUT ALSO TO HELP THE AUTHORITY UPGRADE THE PORT OF NEW YORK'S CAPACITY AS A HUB OF INTERNATIONAL TRADE. WHEN YOU CONSIDER THAT UNIFIED

GERMANY POSSESSES NOT ONE, BUT TWO PORT FACILITIES SUPERIOR TO OURS -- HAMBURG AND BREMEN -- YOU BEGIN TO HAVE SOME IDEA OF THE DISTANCE WE MUST TRAVEL TO MEET THE CHALLENGE OF AN ECONOMY INTEGRATED EUROPE.

OR JAPAN. WHILE NEW YORK IN THE LAST QUARTER CENTURY HAS ADDED A GRAND TOTAL OF FIVE MILES OF NEW RAIL SERVICE, TOKYO, ALREADY IN FIRST PLACE IN PUBLIC TRANSPORTATION, WILL ADD 300 MILES OF NEW RAIL AND TROLLEY ROUTES TO ITS TRANSPORTATION NETWORK IN THE NEXT 10 YEARS.

MAKE NO MISTAKE, FOR AMERICA TO REMAIN COMPETITIVE, NEW YORK MUST ALSO. IF NEW YORK LOSES ITS PLACE AS THE CAPITAL OF WORLD BUSINESS, THE BATON WILL PASS ON, NOT TO HOUSTON OR ATLANTA, BUT TO FRANKFURT OR TOKYO.

I HOPE EVERYONE UNDERSTANDS BY NOW THAT, AS A NATION, WE ALL PROSPER OR FAIL TOGETHER. WHEN COUNTLESS AMERICANS IN OTHER PARTS OF OUR COUNTRY SAW THEIR DREAMS DISINTEGRATE THROUGH THE CHICANERY OF VENAL SAVINGS & LOAN OPERATORS THE FEDERAL GOVERNMENT DID NOT SAY, "SORRY EVERYBODY IN TEXAS, YOU THERE IN THE SUNBELT, YOU HAD IT PRETTY GOOD THROUGH THE 80'S. NOW, WE WILL FORGET ABOUT YOU AND LET YOU TAKE YOUR LOSSES, NO MATTER HOW IT AFFECTS YOU AND YOUR CHILDREN".

INSTEAD, CONGRESS AND THE PRESIDENT RECOGNIZED THAT THE VICTIMS



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NEEDED RELIEF AND THEY DIPPED INTO THE TREASURY -- IF "DIPPED" IS THE RIGHT WORK FOR A BAILOUT NOW AT $500 BILLION AND RISING -- AND THE TAXPAYERS OF THE NORTHEAST KICKED IN, TOO.

OUR NATION'S TRANSPORTATION INFRASTRUCTURE IS JUST AS IMPORTANT AS OUR S&L INFRASTRUCTURE OR OUR BANKING INFRASTRUCTURE. IT SHOULD NOT BE SHORTCHANGED.

NEW YORK'S SHARE OF THAT TRANSPORTATION INFRASTRUCTURE IS APPROXIMATELY 40 PERCENT, FOR 40 PERCENT OF THE MASS TRANSIT USED IN THE UNITED STATES IS USED IN THE NEW YORK CITY AREA. ONE OTHER STATISTIC: 85 PERCENT OF ALL CENTRAL BUSINESS DISTRICT COMMUTERS IN NEW YORK USE MASS TRANSIT.

WITH THE SUBURBS HAVING BECOME THE LOCATION FOR MOST OF OUR REGION'S EMPLOYMENT GROWTH ENSURING MOBILITY FOR THE REVERSE-COMMUTER IS INCREASINGLY A PROBLEM. LONG ISLAND'S CONGESTED ROADS ARE CONTRIBUTING TO A LABOR SHORTAGE THERE. MORE TRACK CAPACITY FOR THE LIRR IS LONG OVERDUE.

OVER THE YEARS THE STATE OF NEW YORK HAS MADE A LARGE CONTRIBUTION TO THE CITY'S TRANSIT, CONTRIBUTING ANNUALLY $1.4 BILLION TO BOTH THE CAPITAL AND OPERATING BUDGETS. THAT FIGURE REPRESENTS NEARLY HALF THE ENTIRE FEDERAL MASS TRANSIT PROGRAM, BUT WITH ALBANY NOW IN STRAITENED CIRCUMSTANCES OF ITS OWN, NEW YORK CANNOT RELY ON THAT REVENUE SOURCE AS IT ONCE DID.

WASHINGTON OUGHT TO BE INCREASING ITS SUPPORT. INSTEAD IT SENDS CONTRADICTORY SIGNALS. ON THE ONE HAND, NEW YORK CITY IS REQUIRED TO COMPLY WITH THE 1990 CLEAN AIR ACT, WHICH MANDATES GREATER COSTS FOR POLLUTION CONTROL AND, LEST ONE FORGET, IMPOSES PENALTIES FOR NON-COMPLIANCE WHICH CAN RESULT IN FEDERAL DOLLARS BEING DENIED TO A COMMUNITY. ON THE OTHER, IT WITHDRAWS SUPPORT FOR MAINTAINING THE ONE SYSTEM THAT RELIABLY REDUCES EXHAUST EMISSIONS. SINCE IT TAKES 10 LANES ON ROADS INTO MANHATTAN TO EQUAL THE CARRYING CAPACITY FOR JUST ONE TRACK "LANE" ON THE LONG ISLAND RAILROAD OR METRO NORTH, DOES THE D.O.T.'S HIGHWAY-TILTED FORMULA MAKE SENSE FOR A CITY ON THE MOVE THAT WOULD LIKE TO BREATHE, TOO?

THERE IS PRECIOUS LITTLE BREATHING OCCURRING ON THE BROOKLYN-QUEENS EXPRESSWAY. A RECENT STUDY PLACED THE COST OF CONGESTION TO TRUCKERS THERE AT $34 MILLION ANNUALLY -- FOR JUST ONE 12-MILE LONG HIGHWAY. A MAJOR SHIPPING SERVICE ESTIMATES NEW YORK'S TRUCKING EXPENSES TO BE 30 PERCENT ABOVE THE NATIONAL AVERAGE.

LAST AUGUST, AFTER IRAQ INVADED KUWAIT, THE PRESIDENT CALLED ON AMERICANS TO CONSERVE ENERGY. WHAT BETTER WAY TO DO SO THAN TO EXPAND MASS TRANSIT?

YET THE PRESIDENT AND HIS ADVISORS HAVE PRESENTED TO CONGRESS A PROGRAM THAT, WITH ITS HIGHER MATCHING RATIOS FOR FUNDING HIGHWAYS, WOULD ALMOST CERTAINLY, AS INCOMING MTA CHAIRMAN PETER

STANGL HAS SAID, "TEMPT" STATE AND LOCAL OFFICIALS TO CHOOSE ROADS OVER SUBWAYS. I URGE YOU TO HELP THEM RESIST TEMPTATION BY RESTORING BALANCE TO THE FUNDING FORMULA AND RESTORING OUR OPERATING FUNDS. THE NEW YORK BUILDING CONGRESS WOULD ALSO ASK THAT, WITHIN THE LIMITS OF THE BUDGET ENFORCEMENT ACT, YOU PROVIDE FUNDING LEVELS THAT WOULD GIVE THE METROPOLITAN TRANSIT AUTHORITY, OVER TIME, THE WHEREWITHAL TO CONTINUE MEETING ITS CAPITAL NEEDS.

AS IT WOULD APPEAR LIKELY IN THE WAKE OF THE GULF WAR THAT THE UNITED STATES MAY ENJOY EVEN LOWER PRICES FOR IMPORTED OIL, THIS COULD BE A PROPITIOUS TIME FOR AN INCREASE IN THE FEDERAL GAS TAX, PERHAPS, AS THE MTA HAS SUGGESTED, ON THE ORDER OF ONE CENT FOR EVERY TWO ON AVERAGE THAT THE REAL PRICE FALLS.

THAT KIND OF COMMITMENT TO URBAN MASS TRANSIT WOULD GO A LONG WAY TOWARD GUARANTEEING THAT THE NATION'S LARGEST METROPOLITAN REGION HAS A TRANSPORTATION SYSTEM SECOND TO NONE, ABLE TO SERVE ITS OWN RESIDENTS AND THE NATION AT LARGE.

THANK YOU.

# # #

#6-#1

**STATEMENT BY DERRICK A. CRANDALL, CHAIRMAN EMERITUS OF THE AMERICAN LEAGUE OF ANGLERS AND BOATERS, BEFORE THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON PUBLIC WORKS REGARDING THE FUTURE OF THE NATION'S HIGHWAY PROGRAM, APRIL 18, 1991**

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Mr. Chairman and distinguished Members of Congress, I am Derrick Crandall and I am submitting testimony as Chairman Emeritus of the American League of Anglers and Boaters, a non-profit membership organization comprised of more than 30 key national organizations representing boating and fishing interests.

We have a vital interest in the nation's surface transportation legislation because of actions taken by the Congress in 1984 which transferred monies attributable to the tax on fuel consumed in motorboats to the Aquatic Resources Trust Fund, or the Wallop-Breaux Fund as it is more commonly known. The amount transferred is just over 1%, based upon an estimate by the Department of the Treasury.

The rationale for the transferal of these funds is exactly the same which underlies the Highway Trust Fund itself: the excise tax on motorfuel should be a user fee which is used to benefit those paying the tax. That philosophy has made possible an excellent network of highways -- and is at work today improving our nation's fisheries habitats, expanding access to our public waters and enhancing boating safety and aquatic resources education programs. Motorboat fuel taxes are combined with a 10% federal excise tax on fishing tackle and related items, and the funds are then apportioned among the states as matching grants for eligible projects.

We are pleased to submit for the record of this hearing a copy of a 12 minute videotape explaining the operations of the Wallop-Breaux Fund which featured President George Bush, as well as the transcript of the President's introduction to the account's purpose. This colorful and visually appealing videotape documents a "Great American Success Story." We are also including a brochure on the Wallop-Breaux Fund.

In conclusion, we urge the Congress to continue to earmark the federal excise taxes paid on motorboat fuels for boating and fishing purposes, as the Congress did in 1984 and reaffirmed both during the 1987 highway bill reauthorization and during the 1990 legislative session, when federal motorfuel excise taxes were increased and extended. Support for this outstanding program is bi-partisan and enthusiastic in the Congress, within the Administration and among the nation's tens of millions of anglers and boaters.

Thank you.

Derrick A. Crandall, Chairman Emeritus
American League of Anglers and Boaters
1331 Pennsylvania Avenue, NW Suite 726
Washington, D.C. 20004

## PRESIDENT GEORGE BUSH'S GREETING/REMARKS "WALLOP-BREAUX: AN AMERICAN SUCCESS STORY"

What a pleasure to join you, members of the American Recreation Coalition, in celebration of the Wallop-Breaux Trust Fund.

I'm sure most of you know my fondness for grabbing a rod and reel, gathering a few friends together and heading for the relaxation of fishing and boating. Whether its in Maine of Florida, or somewhere else in this wonderful land of ours; there's nothing like a few hours spent on our beautiful lakes, rivers and streams.

Like you, I believe we must restore our nation's fisheries and enhance boating opportunities. Many of you who are here today were involved, and we all were delighted, when legislation was signed in 1984 creating the Aquatic Resources Trust Fund -- known as the Wallop-Breaux Fund.

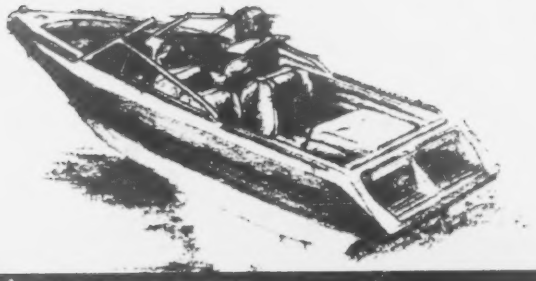
This unique fund is helping improve boating safety, making our sport fisheries more productive and making it easier to gain access to the nation's public waters.

But, the program is special for another reason: it is entirely funded by the nation's anglers and boaters, primarily through federal excise taxes on fishing tackle and fuel used in motorboats. The monies are earmarked and automatically returned as matching grants to state boating and fishing agencies and as appropriations for Coast Guard recreational boating programs.

Our administration is working to insure that Wallop-Breaux funds keep going towards these purposes. As a fan of fishing I know we must maintain this vital program. Each of us who fish or boat is an active partner in Wallop-Breaux. Together we're adding to the wonderful legacy of the American outdoors left to us by previous generations and we in turn are helping to leave our children and grandchildren a more beautiful world where they too can enjoy America's great outdoors.

Thank you, each of you, for your part in the Wallop-Breaux success story.

* * *



# WALLOP / BREAUX
## *AN AMERICAN SUCCESS STORY*

### Setting a Course for the Future

Americans love the outdoors – especially the outdoors where there is water! Whether we are racing across the waves, wetting a line, waterskiing, chasing after that "big one," or simply drifting in a boat on still water on a sunny afternoon, we spend a great deal of our leisure time on and near the water.

Those of us who enjoy the water know that our waterways are a precious resource which must be protected and enhanced for future generations. And that's where the Aquatic Resources (Wallop/Breaux) Trust Fund comes in.

Since 1984, every gallon of fuel we purchase for our boats, and virtually every fishing item imaginable produces revenues for the Wallop/Breaux Fund – one of the greatest conservation programs ever. It's working for all of us – and it's working now.

It's a Great American Success Story – tens of millions of anglers and boaters uniting to make sure America's surface waters will continue to play an important part in the lives of generations to come!

***"It's a success story that's really working"***

***— Senator Malcolm Wallop (R-WY)***

## What is Wallop/Breaux?

Many Americans don't know that there is a 10% federal excise tax on nearly every fishing tackle item, or that we pay a 14 cent-per-gallon federal excise tax on the fuel we use to operate our boats.

But, since 1984, thanks to Senators Malcolm Wallop of Wyoming and John Breaux of Louisiana, these taxes have been deposited in the Wallop/Breaux Trust Fund. These dollars now get spent where they belong: on fisheries research and fish habitat improvements; on improving access to our waterways for boating; and on boating safety and aquatic resource education programs.

The Wallop/Breaux Trust Fund makes each of us a partner with the federal government, state governments and with boating and fishing organizations in protecting and enhancing America's waters.

The result is the return of our taxes to boating and fishing programs administered by state agencies, the U.S. Fish and Wildlife Service, and the U.S. Coast Guard.

The pooling of our tax dollars through Wallop/Breaux (now more than $250 million each year) is beginning to make a difference that anglers and boaters can see and will be able to enjoy for years to come.

***"You can depend on literally millions of dollars in federal funds and taxpayer funds that will be coming back to your state to be used on very worthwhile projects."***

***— Senator John Breaux (D-LA)***

## *How are Wallop/Breaux Funds Spent?*

***For Sport Fish Restoration***

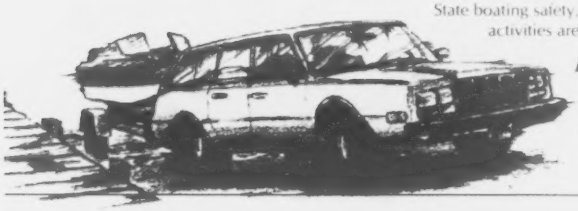
State fisheries research programs and fisheries habitat improvements are funded through Wallop/Breaux.

***For Public Boating Access***

Projects which improve boater access to public waters, such as boat launch ramps, are funded through Wallop/Breaux.

***For Boating Safety***

State boating safety, education, and law enforcement activities are funded through Wallop/Breaux.



***For Aquatic Education***

Local instruction projects on the proper use and conservation of our waterways are funded through Wallop/Breaux.

# Wallop/Breaux:
# An American Success Story

The Wallop/Breaux Fund allows tens of millions of boaters and anglers to help improve America's public waters. Our efforts can and should continue for generations, helping to protect our waterways even as America's population of anglers and boaters swells.

But, the future success of Wallop/Breaux requires a small extra effort on the part of every angler and boater to understand this program. To help create that understanding, the American League of Anglers and Boaters has produced a 12-minute video entitled, "Wallop/Breaux: An American Success Story."

This action-packed video shows the results of boating and fishing dollars at work off the coast of California, in classrooms in Pennsylvania, through the work of the Florida Marine Patrol and in new boat launching ramps across the country. President George Bush is joined in the video by Senators Wallop and Breaux. They explain why this remarkable program is working so well today and why they have pledged their support for its continuation.

The video was first shown in June 1990 at Chartmaker 2000, a national conference sponsored by the American League of Anglers and Boaters. It is both educational and inspiring, and is suitable for viewing by angling and boating groups, public and private conservation organizations, recreation industry groups and the media.

Copies may be obtained from either ALAB or its member organizations for a nominal charge. Additional information about the Wallop/Breaux Trust Fund is available through state fishing and boating agencies - contact them to find our how your dollars are being spent locally!

***I know we must maintain this vital program. Each of us who fish or boat is an active partner in Wallop/ Breaux"***

***— President George Bush***

***For more information on the Wallop/Breaux program, or for additional video copies or different video formats, please contact:***

American League of Anglers and Boaters
Suite 726
1331 Pennsylvania Avenue NW
Washington, D.C. 20004
(202) 662-7420

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States Organization For Boating Access
Trout Unlimited

U.S. Department of Transportation
**United States Coast Guard**

1501

# Statement of the

# American Traffic Safety Services Association

# to the

# Subcommittee on Surface Transportation Hearing on

# Highway Safety Issues

Presented by: Charles Dawson
President, American Traffic Safety Services Association

Accompanied by: Caroline Carver
Director, Government Relations
American Traffic Safety Services Association

101st Congress
April 18, 1991

Mr. Chairman and members of the Subcommittee, I am Charles Dawson, national president of the American Traffic Safety Services Association (ATSSA). I testified before this committee last April, and I am pleased to be able to be with you again today. I am aware that the committee is preparing major highway legislation which will soon be completed, and today I would like to make suggestions concerning safety programs pertaining to that legislation.

ATSSA is a national trade association in its 21st year representing over 850 companies and individuals in the traffic control industry. Most of the traffic safety equipment and services used on our highways are provided by ATSSA members. Our membership also includes public officials at all levels of government who are concerned with traffic control and the safety of the motoring public.

I would like to make some specific recommendations in areas of:

IMPROVED SAFETY FOR AGING DRIVERS
IMPROVED WORK ZONE SAFETY
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## IMPROVED SAFETY FOR AGING DRIVERS

We would like to commend the committee for mandating an older driver study as part of the 1987 Surface Transportation Act. ATSSA recognizes the existing and growing problem of the aging driver. Currently, 12% of the U.S. population is 65 or over, and in the next 30 years, this number will more than double. It is clear that the traffic control features (primarily signs and pavement markings) on the present highway system were designed for an average driver who is far removed in age and ability from today's driver. With this in mind, ATSSA supports the findings of the National Academy of Sciences, reported through the Transportation Research Board in the Special Report #218.

We commend states such as Florida, New York, and North Carolina for taking the lead and developing programs that will aid the older driver including larger and better maintained signs and upgraded pavement markings which often mean wider, more visible edgelines. These highway safety improvements not only enhance the safety and mobility of older drivers, but of all drivers.

Specifically, we recommend:

- **Upgraded signing and marking standards and better maintained pavement markings and signs. Pavement marking and signs need to be maintained to provide both day and night and year round visibility.**

- **Improved positive guidance through the work zones. Particular emphasis needs to be placed on nighttime appearance and visibility.**

### Upgraded Signing and Marking Standards and Better Maintained Pavement Markings and Signs

In order to upgrade marking and signing standards to levels sufficient for older drivers:

(1) All roadways should be marked with center and edge lines which should be maintained at performance levels sufficient to meet the needs of the older driver. We know from our driving experience that although most roads have centerlines, many do not have edgelines, and a number of roads in the U.S. have no markings at all. Pavement markings on too many highways and roads are

worn out and barely visible to the driver. At night or in rainy weather they are not visible at all. To ensure that pavement markings are maintained to a high level of visibility, the Secretary should be encouraged to develop standards for minimum maintained levels of retroreflectivity for pavement markings on all streets and highways.

(2) Sign legibility should be improved by requiring larger and better maintained signs. (Current design standards are 50 ft. per one inch of letter height; the recommended standard from the National Research Council is 40 ft. per one inch of letter height.)

(3) Sign luminance and contrast standards should be increased where needed.

(4) Minimum required visibility distances should be increased through improved sign placement, multiple signing, and symbol messages where needed.

- **To ensure that signs and marking standards are improved to accommodate the older driver, Congress should direct the Secretary to propose rulemaking that would establish revised visibility and legibility standards on all streets and highways for signs and markings that will accommodate all drivers including the elderly and those with diminished visual capabilities. These standards should include provisions to require minimum maintained levels of retroreflectivity to ensure nighttime visibility and legibility.**

## Improved Positive Guidance Through the Work Zone

For the aging driver the added distractions of a work zone can impair the decision-making ability affecting perception and reaction time. Because aging drivers have more difficulty seeing, responding to, and interpreting changes in roadside conditions, all traffic control devices should be uniform in appearance, brightness, and placement and have consistent meaning from one worksite to another. Our specific recommendations regarding improving work zone safety are discussed below.

# IMPROVED WORK ZONE SAFETY

Each year when we address this committee, we report an increase in work zone fatalities. This year, unfortunately, is no exception. During 1989, 782 traffic accident fatalities and an estimated 28,000 disabling injuries occurred in work zones in one single year. It looks as if fatalities may be down somewhat for 1990, although the figures are not yet complete. Certainly the disturbing fatality and accident rate in work zones shows how badly we need a work zone safety program in the 1991 Highway Act.

The Sept 27, 1990, Work Zone Summary Report from FHWA indicates deficiencies continue to exist in the areas of development, implementation, and management of the work zone traffic control plans. The report states that the quality and maintenance of traffic control devices, particularly through deterioration on long-term projects, remains a problem area. The report also indicates that the limited number of trained personnel is a problem. With this in mind, ATSSA continues to endorse the recommendations from the Advocates for Highway and Auto Safety which calls for a Highway Work Zone Safety Program. This program would provide for improved work zone safety by enhancing the quality and effectiveness of traffic control devices, safety appurtenances, traffic control plans, and bidding practices for traffic control devices and services.

In order to address this critical issue of safety in work zones, ATSSA recommends that the new Highway Act include provisions addressing the following:

Education and training of persons responsible for work zone traffic control are of utmost importance for the members of our association. In 1978, ATSSA initiated a certified Worksite Traffic Supervisor (WTS) Program. Developed as a joint effort with the Institute of Transportation Engineers (ITE) and the Federal Highway Administration (FHWA), the WTS program sets industry standards that have resulted in an upgrading of the quality of work zone traffic control. The 1990 FHWA Annual Work

Zone Report states that the higher rate of turnover of personnel both in government agencies and the private sector results in a constant need to provide training. A number of states now require some degree of certification of worksite traffic supervisors, but all states should require this. Legislation should require that:

- **Each state highway department designate, and require the contractor to designate, for each project, a person trained and certified who will have the responsibility and authority for assuring that the provisions of the Traffic Control Plan (TCP) and other safety aspects of the work zone are effectively administered.**

Legislative history should assert that these standards should be formulated and adopted with due regard to the current training and certification program of ATSSA and should be equivalent or superior to this program.

It has been shown that the use of individual bid items for traffic control devices provides a fairer method of paying for the devices, encourages the contractor to provide better maintenance of devices, and provides a better means of enforcing the provisions of the TCP. The FHWA has recommended the use of individual bid items for a number of years, and yet many states still use lump-sum bidding or a combination of unit price and lump sum for traffic control in work zones. This practice often underfunds adequate traffic control and the contractor has an incentive to reduce to a minimum his cost for temporary traffic control. Legislation should require that:

- **Each state highway department use individual bid items for providing, installing, moving, replacing, and maintaining traffic control devices and safety systems.**

Many states do not collect work zone accident data, or if they do, it is collected inconsistently. Because of the lack of uniformity, the FHWA has discontinued collecting work zone accident data from the states. They rely only on the Fatal Accident Reporting System (FARS) data, and little is known beyond how many fatalities occur in work zones.

- **Each state highway department should be required to collect uniform data on all work zone accidents. Such data should include the type, design, and operational characteristics of work zones in which accidents have occurred; the type of roadway; traffic volume; the nature of the accident; and the extent of the damage, injuries, or fatalities sustained. Each state highway department should also analyze and use this information to correct deficiencies and improve future traffic control plans.**

FHWA should perform effective oversight of work zone safety practices in the states and report on the progress of the states to Congress.

- **The Secretary should be directed to conduct annual reviews of work zone safety practices and policies, both state-by-state and on a national level in order to determine the effectiveness of each state's work zone safety practices. The results of such inspections, reviews, and assessments shall be reported annually to the Congress.**

The Administration's proposal eliminates Section 120(d) which allows for 100% federal funding for certain safety improvements, those having a significant cost/benefit ratio in terms of lives saved for money spent. Section 120(d) should be retained and applied to all roads included in the National Highway System. Last week, at the April 10th hearing on reauthorization, the Committee heard the Congresswoman from Ohio, Marcy Kaptur, ask for federal dollars for replacement of signing. She said funding is inadequate, and yet the administration proposes to cut an existing program that allows for 100% federal funding for signing , pavement marking, and other safety improvements. Unfortunately, even at a 100% federal funding, these projects are often overlooked. Left with a 25% or 40% match requirement, these vital cost-effective safety improvements may be disregarded altogether. In order to encourage states to use superior traffic control devices and procedures and reduce serious losses

now occurring in work zones, 100% federal funds should also be made available for work zone traffic control.

- **The present 23 U.S.C. Section 120(d) should be retained and amended by adding between "... traffic signs" and "highway lights..." the phrase "or for temporary traffic control devices, markings, and safety appurtenances for guiding, warning, and protecting traffic, workers, and pedestrians in highway work zones."**

## UNIFORMITY OF STANDARDS FOR TRAFFIC CONTROL DEVICES

Consistent, uniform standards for traffic control devices should apply to all classifications of roadways regardless of jurisdiction or user agency. Unfortunately, this is not the case. The Manual on Uniform Traffic Control Devices (MUTCD) for streets and highways presents a national standard governing the design and use of all traffic control devices. However, it is not uniformly enforced, particularly off the federal-aid highway system. Indeed, since the Secretary of Transportation is not legislatively required to promulgate the standards, there is a question as to whether the Department of Transportation even has the authority to enforce the provisions of the MUTCD.

To clarify this situation and provide for uniformity and strict enforcement of the provisions of the MUTCD, ATSSA recommends:

- **The Secretary of Transportation be specifically required to promulgate standards and practices for the design and use of traffic control devices.**

- **The location and design of all traffic control devices shall conform to uniform nationally standards and practices as promulgated by the Secretary and revised periodically to accommodate the state-of-the-art.**

## COMPREHENSIVE SAFETY MANAGEMENT

Unfortunately, state and local jurisdictions do not have adequate funding to upgrade signs or pavement markings, even though the Federal Highway Administration's *Report on Highway Safety* shows that in these areas alone we receive the maximum benefits in terms of lives saved and injuries prevented for every dollar spent. The latest annual Report on Highway Safety Improvement Programs, from the Office of Highway Safety, FHWA, states that one of the top two improvements which have most effectively reduced fatal and injury accidents at the lowest costs are traffic signs at a benefit/cost ratio of 4.6 to one.

Safety work should by done as part of 3R work. Because safety has been categorized into narrow and low-funded programs, it is often the last thing to be considered. If safety is truly a top priority item, then it must be funded accordingly. ATSSA recommends that the federal government provide leadership in the way of increased funding and specific legislative guidelines on how that money must be spent.

- **The next Highway Act should mandate that the states engage in safety construction work as part of their project requirements in performing 3R work.**

Each state should be required to have a highway safety management program, approved by the Secretary, which would include the following requirements:

- Standardization of forms and adequate record keeping for investigation of accidents, injuries, and deaths on all federal-aid highways.

- Design and traffic control standards that ensure the highest feasible levels of operating safety.

- Provisions for work zone safety.

- A system for evaluating the safety cost-effectiveness of projects completed with funding under this section, including work zone accidents.

- Other principles and requirements for areas of management, design, and operation as the Secretary shall deem necessary.

## REDUCING FATALITIES ON RURAL INTERSTATES AND OTHER EXPRESSWAYS WHERE SPEED LIMITS HAVE BEEN RAISED TO 65 MPH

Enforcement of speed is a major concern in highway work zones. These work areas are inherently dangerous even under the best of conditions. Increased speeds on our highways have increased the risk not only for the motorist but also for the highway worker. The fatality rate on interstate highways for work zone personnel accounts for 30% of all work zone deaths. By comparison, other interstate fatalities accounted for less that 10% of all highway deaths.

It is imperative that we have diligent law enforcement and assistance in work zones. If speeds remain unchanged, then reasonable countermeasures need to be implemented on highways that have raised their speed limits to 65 mph.

- **ATSSA supports the recommendations of the Advocates for Highway and Auto Safety and recommends that each state raising their speed limits to 65 mph undertake to elevate the highway to the highest state-of-the-art levels for design and traffic control including larger and more frequent signing, improved and more durable pavement markings, and the use of other state-of-the-art traffic control devices.**

## TRAFFIC SAFETY ON PRIVATE PROPERTY

Report language in the 1987 Federal-Aid Highway Act acknowledged the growing concern about traffic safety on private property where the public is invited to travel. The conferees noted that accidents and fatalities on private property have risen in conjunction with the increase in the volume of business-related traffic on such property, and these accidents and fatalities are attributable, in part, to the lack of uniform traffic control devices.

Washington's own Dr. Gridlock refers to malls as the "new downtowns." These new downtowns, as well as industrial parks, resorts, hospitals, colleges, private residential streets, and condominiums, are not governed by established public standards of traffic control. As a result, signing and pavement markings are often confusing or non-existent, and worse than that, these areas are dangerous. The National Safety Council reports that there are between 1,000 and 1,100 fatalities each year on non-public roadways. ATSSA's own investigation into the State of Virginia revealed dramatically that private property traffic accidents accounted for from one-sixth to one-half of all reported accidents.

The American Association of State Highway and Transportation Officials conducted a survey and determined that there is little uniformity nationwide and that a problem exists with the non-use or improper use of traffic control devices on private property. They recommend that states adopt legislation making it mandatory that signs, signals, and pavement markings be in compliance with the Manual on Uniform Traffic Control Devices (MUTCD). Presently, only five states have statutes regulating traffic control devices on private property stipulating that those devices be in conformance with the MUTCD.

Because of the lack of uniformity and lack of regulation at the state level, this committee held hearings and mandated regulations governing the use of handicapped parking spaces on private property. The lack of uniformity governing the use of traffic control devices on private property is an equally serious and sometimes life-threatening problem. ATSSA would recommend:

- **Title 23, Section 109(d) and Section 402(a) be modified to require the standards for traffic control devices that are approved by the Secretary for**

**federal-aid highways and other public roads also be applicable for all roadways on private property open to public travel.**

## DBE/WBE PROGRAM

The 1982 Surface Transportation Assistance Act provided that not less than 10% of the amounts authorized under Title I and Title II of the Act be expended with disadvantaged business enterprises. The 1987 Act expanded the program to include woman-owned businesses. ATSSA supports the inclusion of women in the program. We also support the intent of the bill which aims to provide equal opportunity to all Americans to compete in the Federal-Aid Highway Program. So that implementation of the program does not disproportionately affect any one segment of the industry and so that the program can truly help minority and woman-owned businesses that need assistance, ATSSA recommends the following:

- **Specific limits be placed on specialty subcontracting work.**

Prior to the 1987 Act, we testified that this is critical to specialty subcontractors who have been unfairly and adversely affected by the program. Until limits can be put on the amount of work in each subcontracting area, then specialty items will continue to be used to meet the 10% goal. Small industries, such as ours, are often used to fill a disproportionate percentage of the requirements, sometimes up to 100%. This committee responded to these concerns by including report language in the 1987 STURAA which stated that: *"The conferees believe that the participation of minorities and women should be equitably distributed throughout the highway construction industry and the implementation of the DBE program should not fall disproportionately on any one segment of the industry."*

- **The Secretary should be directed to collect data from the states on DBE/WBE participation.**

To our knowledge, no data has been collected addressing this issue. In spite of the recognition of the problem and in spite of the conferees request to address the problem, the FHWA is still not tracking industry participation within the program, and there is nothing in the Administration's recommendations addressing this issue.

Our own industry requested information from a number of states on participation of traffic control companies in the DBE/WBE program. Only three states were able to provide us with this information, although we had been told by FHWA that this data was available at the state level. In 1987, in Tennessee, 20% of the traffic control dollars went to DBE firms. In the same year, in Florida, 77% of the pavement striping dollars went to DBE firms. In Colorado, from October 1987 through March 1989, 96% of traffic control dollars went to DBE and WBE firms; 102% of the flagging dollars went to DBE or WBE firms. Non DBE/WBE firms were virtually excluded from open competition in these particular areas. A FHWA study assessing the impact of the program noted that "particular non-DBE specialty subcontractors have seen their federal-aid highway construction markets shrink or even virtually disappear" (USDOTFHWA Report, p. xi, March 1986). We ask that Congress correct this oversight by including language in the 1991 Act which would, at a minimum:

- **Require the Secretary to obtain the dollar amounts in each subcontracting area that are being awarded to DBE/WBE firms and compare that amount with the overall dollar amounts being awarded to non-DBE/WBE firms in those same subcontracting areas. We further suggest that the following categories, which correspond closely with the ones now being used by states to report to FHWA, be examined:**
  - Excavation
  - Base and subbase
  - Roadway surface
  - Structures
  - Landscaping
  - Traffic control
  - Incidental construction

- **The U.S. Department of Transportation should work closely with private industry organizations to develop and fund training programs for minority and women-owned business firms to help them compete within the free enterprise system on an equal basis.**

- **ATSSA recommends separate funding categories for training.**

We believe that one of the great deficiencies of this program is the complete lack of funding for training and education of minorities who may be making their first entry into the highway construction business. There have been few privately-funded training programs for DBE/WBE's. In our industry, ATSSA sponsors a very good technical training program and most new companies, both minority, women, and nonminority, have received a great deal of assistance by having their key personnel participate. The ATSSA program is self-funded, and the most widely-used and highly-respected in the country; however, some new minority firms simply cannot afford even the nominal cost for technical training in the traffic control field. There needs to be some federal funding for similar training programs, particularly in the areas of general business management, accounting, bidding procedures.

- **The Administration's definition of "Small Business Concern" should be lowered to a more realistic number.**

"Small Business Concern" should be redefined and lowered from the Administration's proposed "average annual gross receipts over the preceding three fiscal years in excess of $15,370,000." ATSSA members are primarily traffic control specialty subcontractors: 90% of our members have annual gross receipts of less that $3 million and 75% have less than $1 million. To avoid flagrant abuses and to protect those for whom the program was intended--bona fide, developing and emerging minority and woman-owned businesses certified as needing assistance--this number should be reducedsignificantly. A high threshold of over $15 million helps large companies that are already very well established. If the intent is to assist small, emerging companies, then this number is far too high.

## FUNDING AND THE FEDERAL ROLE

More than 45,000 people are killed and 3 million injured in traffic accidents each year. If vehicle miles traveled doubles by the year 2020 as expected, fatalities could double as well. This is unacceptable. Safety considerations must be an integral part of every aspect of the new federal highway program.

If safety is truly the number-one consideration of the Administration and Congress, then we feel that there must be an increase in the authorization levels of all highway safety programs.

Specifically, we would request:

1. **A significant increase in the FHWA-administered portion of 402 funds. This investment would result in the reduction of lost lives, property damage, and liability costs each year.**

2. **Separate federal funding categories for the training of personnel in work zone traffic control.**

3. **That requirements that products and services that enhance safety and improve traffic operations be included criteria for all federal "3-R" and "4-R" programs.**

4. **The Federal Highway Trust Fund be made permanent, removed from the unified budget, and released from obligation limitations. All interest earned (more than $1 billion annually) should be released to the states and local governments, and the balance of the Trust Fund should be drawn down to a reasonable level of $2 to $3 billion.**

STATEMENT OF WILLIAM H. DEMPSEY

PRESIDENT OF THE ASSOCIATION OF AMERICAN RAILROADS

BEFORE THE

SURFACE TRANSPORTATION SUBCOMMITTEE

OF THE

HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

APRIL 18, 1991

## I. INTRODUCTION.

My name is William H. Dempsey. I am the President of the Association of American Railroads. The AAR is the national trade association of the freight railroad industry. It represents Class I railroads that accounted for 91 percent of rail freight revenues in 1989.

I welcome this second opportunity to present the railroad industry's view on the 1991 highway reauthorization legislation.

It is almost one year exactly since I last appeared before you. I explained then that the railroad industry's highest priority in the 1991 highway legislation was to oppose any increase in the Federal 80,000 pound weight limit. Such an increase would lead inexorably to the nationwide operation of longer combination vehicles (LCVs), including twin 48s and triple 28s.

Because these monster combinations could devastate the railroads, increased weight limits are literally a matter of life and death for my industry.

Last year I emphasized the following points in opposing LCVs:

- Higher truck weight would lead to massive diversion of existing rail freight to our already crowded, deteriorating highway system;
- The public overwhelmingly shares the railroad industry's opposition to bigger trucks;
- Research supports the public's concern about the safety of longer and heavier trucks; and
- LCVs are harmful to sound highway finance, safety, the environment, energy use, and other public policy concerns.

As an alternative to LCVs, I urged an increased reliance on safe, environmentally benign, energy efficient, and under-utilized rail as the appropriate response to meet the transportation challenges of the 1990s.

And I concluded by asking you to remember that, as we put it, "highway policy is rail policy" – and vice versa. Modally compartmentalized decision-making can have extremely damaging consequences for our national transportation system. At the least, a comprehensive study of the LCV issue is needed before Congress makes such a major change in the nation's freight transportation system.

## II. A 1991 OVERVIEW AND UPDATE.

### A. An Overview.

Nothing in the last twelve months has caused me to change my mind. Indeed, further study, and the overwhelming opposition of other groups to bigger trucks, has reinforced my opinion that increased truck weights would be a transportation disaster.

Let me, then, review the points I made last year. In doing so, I want to emphasize the views of other groups as well as my own industry. While AAR research may be discounted by some as "self-interested", it is surely harder, I believe, to quarrel with representatives of the public interest like the American Association of State Highway and Transportation Officials (AASHTO), the American Automobile Association, the National Conference of State Legislatures, the National Taxpayers Union, the Consumer Federation of America, the Union of Concerned Scientists, the Center for Auto Safety, the National Association of Governors' Highway Safety Representatives, the Sierra Club, the Friends of the Earth, and the National Wildlife Federation.

### B. Rail Diversion.

AAR's computer model of truck/rail competition predicts "first order" rail losses of 41 percent of the 1988 net operating revenue (pre-tax profits) and 11 percent of annual ton-miles from the nationwide operation of twin 48s. When so-called "secondary" traffic losses are included, the total loss in rail traffic should amount to 19 percent of annual ton-miles, according to a new study conducted for AAR by Temple, Barker and Sloane (TBS). These secondary losses result when rail traffic and revenue figures drop below the level necessary to maintain a rail corridor or line of business in the long run.

While this is, as I noted, a disaster for railroads, their employees, and the shippers and commodities they serve, it is the impact on the highway system that is especially relevant for your committee. This level of rail diversion would mean the addition of up to 167 billion ton-miles of highway traffic to the interstate highway system, a gain of up to 30 percent.

### C. The Heavy Truck Underpayment.

So huge an increase in truck traffic means much more dramatic increases in congestion and higher highway costs.

And who will bear these higher costs? Not the trucking industry. I noted last year that trucks now pay far less than their full highway costs. Subsequent research shows that LCVs are particular offenders. The average twin 48 would, under current tax law, pay only 44 percent of just its "short-run" costs. Moreover, this figure does not include the capital costs of the highway system. Railroads, of course, must fully cover the capital costs of their infrastructure and even earn a return on investment. The inclusion of capital costs would further reduce the share paid by the average twin 48 to 22 percent of its fair share.

The increased cost shortfall resulting from LCV operations can have only two results: higher taxes on automobile drivers or an even greater revenue shortfall. The latter would in turn cause faster highway deterioration and, ultimately, higher total highway repair bills.

It is this threat that has caused the National Taxpayers Union and groups like the AAA to oppose LCVs. And AASHTO, in its recent letter to you, has also cited concerns with accelerated highway repair costs. It said:

> "Since existing roadways cannot be modified as fast as truck size limits, a further round of size increases could result in disproportionate increases in safety issues and roadway deterioration, an issue which should be examined and understood before further changes are mandated or allowed."

D. Public Opposition To LCVs.

Last year I cited results from a national poll conducted for the AAR by a well-known sampling firm. It revealed that about 90 percent of respondents opposed LCVs. Indeed, some 18 percent wanted trucks to be shorter than they are now. A new poll, conducted for the American Automobile Association Foundation for Traffic Safety, shows an almost equal level of opposition to longer trucks from truck drivers themselves. These professional drivers, sampled in four western states with existing LCV operations, opposed the widespread legalization of doubles by 71 percent to 25 percent and triples by 80 percent to 15 percent.

E. LCV Safety.

The explanation for this opposition to LCVs and the opposition of two elements of the trucking industry -- the Owner Operator Independent Drivers Association and the Teamsters -- is clear from the surveys and testimony to the Committee: safety. Both the general public and the truck drivers themselves believe that LCVs are simply less safe than current trucks.

For example:

- 86 percent of those surveyed in the AAR poll believe longer trucks would be less safe than current rigs.

- 83 percent of the truck drivers surveyed by the AAA Foundation thought that LCVs were less safe than single trailer combinations, and strong majorities thought they were much less safe.

- The Owner Operator Independent Drivers Association testified before you last March 15: " The experienced drivers will tell you that these trucks, especially the . . . 48-foot doubles, are simply not easy to control."

- Teamster Joint Council Number 7, at your July 5, 1990 San Jose Field Hearings: "Larger and heavier trucks make braking more critical."

- And the AAA told your committee last year that it "opposes any further increases in existing federal maximum truck size and weight standards because the present legal size and weight limits applying to trucks and combinations of vehicles already tax the limits of safety."

These safety concerns are well grounded.

For one thing, LCVs will degrade transportation system safety simply by diverting traffic from safer railroads onto less safe highways.

The most recent available data (1989) shows that railroads are more than three times safer than combination trucks: 1.31 fatalities per ton-mile for rail versus 4.09 fatalities per ton-mile for truck.

The massive diversion from rail caused by twin 48s will, therefore, by itself cause increased transportation-related fatalities.

But in addition, LCVs are almost certainly less safe than the current trucks they would replace.

New safety research shows that current twin 28 combinations are much more dangerous than conventional tractor-trailers. According to an analysis for AAR by Roger Mingo, formerly of the Federal Highway Administration, current doubles have fatal accident rates per 100 million vehicle miles travelled (VMT) 66 percent greater than tractor-trailers. If current doubles are so unsafe, can any rational person believe that longer doubles and triples in widespread operation would be less dangerous?

But, again, you need not rely on AAR research. Just look at the long list of safety groups opposing LCVs. These include the American Insurance Association, the Alliance of American Insurers, Kemper, Aetna, Hartford and Travelers insurance companies, the American Automobile Association, Citizens for Reliable and Safe Highways (CRASH), the Center for Auto Safety, Advocates for Highway Safety, and the National Association of Governors' Highway Safety Representatives.

F. Highway Finance, Environmental And Other LCV-Related Problems.

I have already noted the likelihood that LCVs will worsen the highway finance problem. Another area of potential concern is the impact of LCVs on the nation's bridges. A new report finds $13-15 billion in bridge costs from nationwide legalization of twin 48s on the rural interstate alone[1]. Twin 48 operations on urban interstate bridges would add significantly to this estimate.

This and other highway finance concerns may explain why an impressive list of state and local government groups are on record opposing LCVs. These include the National Conference of State Legislatures (NCSL), the City of Chicago, 101 other Illinois cities and municipal associations, the California State Legislature and the states that voted for the AASHTO policy of deferring increases pending further study. (A two-thirds vote was necessary to endorse that policy.)

AASHTO, like many of the other groups, is concerned about more than highway finance, however. In its letter to you, AASHTO states:

"AASHTO does not believe mandating these (truck weight) changes, or granting states authority to make these changes, is justified based on what is now known; considerable further study of the ramifications of these changes is needed. For example, there are long-term *safety*, financial and *environmental* implications to changes in truck sizes and weights which warrant thorough examination, beyond any analysis which has occurred to date" (emphasis added).

The AASHTO message on the environment is reinforced by three of the nation's most distinguished environmental groups, all opposed to LCVs: Sierra Club, Friends of the Earth, and the National Wildlife Federation. They are joined by many local and more specialized environmental interests.

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[1] *Jose Weissmann and Rob Harrison, The Impact of Turnpike Doubles and Triple 28s on the Rural Interstate Bridge Network, University of Texas, Center for Transportation Studies, January 1991.*

G. The Need For Further Study.

I have just returned from Portland, Oregon, where AASHTO gathered representatives from all the interest groups concerned with bigger trucks and the future of the transportation system to discuss a research plan for a full assessment of LCVs. The Transportation Research Board, too, is considering a multi-million dollar project for LCV research.

And the General Accounting Office is doing its own study for this committee of LCV safety. These projects suggest that any move to bigger trucks now would take place without the comprehensive research effort that should be completed before so massive a change in the nation's transportation policy.

**III. LCVS AND THE TRUCKING INDUSTRY.**

I am convinced that the AASHTO position of no LCVs without further extensive study represents as close to a consensus as I have ever seen in the transportation community.

Other than some portions of the trucking industry, I know of no one who is actively working for bigger trucks.

I believe that my friend Tom Donohue was correct when he said in a USA Today interview:

"I don't argue that there is anybody in America who wants larger trucks anywhere on any highway."

What is particularly interesting to me is the lack of enthusiasm even within the trucking industry for LCVs.

I have already mentioned the Teamsters and the Owner-Operators. Better than anyone, these truck driver organizations can speak to the potential safety hazards of longer and heavier trucks. And they know, too, that LCVs threaten trucking industry jobs.

But trucking companies are also at risk from LCV legalization. Rail intermodal draymen, the truckers who pick up and deliver intermodal containers and trailers, have formed an organization known as HALT – Haulers Against Longer Trucks – to oppose LCVs. They recognize that any threat to rail intermodal is a threat to their companies.

LCVs also put at risk the economic health of many small and mid-sized truckload (TL) carriers. These carriers lack the capital resources and scope of operations necessary to compete successfully in a truck market dominated by LCVs. If LCVs are legalized, these smaller companies -- many based in rural parts of our country -- will see much of their business siphoned off by bigger carriers. The result will almost certainly be greater concentration in truckload trucking and the failure of many small firms. Remaining small carriers will be forced to increase rates, in many cases, to shippers off the interstate because LCVs will drive up the costs of business even for those carriers that cannot use them. Efficient trucking operations depend on operating full as high a percentage of the time as possible. If smaller truckers lose loads on major highways to LCVs, they can no longer offer as efficient a service to smaller, more remote shippers.

TL carrier opposition to LCVs is beginning to coalesce. In a recent survey by the Interstate Truckload Carriers Conference, an ATA affiliate, members split down the middle on ATA's preferred state option plan for size and weight increases. And when asked if they backed higher sizes and weights in return for a fuel tax increase, these TL carriers were overwhelmingly opposed.

The railroad industry has been heavily criticized by some for "waging war" on the trucking industry over the LCV issue. I hope I have made clear that in fact our position is not just one that we share with the overwhelming majority of Americans and the groups that represent them, but is also one as to which we are on the same side with many truckers.

I look forward to the time when we can put the LCV issue behind us. The railroads do not enjoy being in conflict even with a minority of the trucking industry. We prefer to work together on the many issues where the entire transportation sector can come together to improve the productivity of the American economy.

But LCVs are an idea whose time -- if there ever was one -- has past. Perhaps thirty years ago, when our highways were uncrowded and newly built, the nation could have afforded a massive shift in freight traffic from the railroads to trucking. Today's highway system, though, is simply not capable of bearing the extra burden of bigger trucks. We are unlikely to build many more interstates, and the ones we have are full. And our national rail system will not survive such a diversion either without a drastic downsizing.

The right approach is to preserve America's balanced freight transportation system. The railroads, with their improved plant and large unused capacity, can handle a much larger role as the economy expands. And by relying on rail, the nation can help meet the safety, energy efficiency, environmental and "quality of life" challenges of the 1990s.

## IV. HIGHWAY-RAIL CROSSING SAFETY.

I would like to conclude my remarks today by addressing an additional issue of significant importance to the railroad industry - highway-rail crossing safety.

In July, 1973, the Subcommittee on Investigations and Review, of the House Committee on Public Works, in reporting the conclusions of a six year investigation of the accomplishments and status of highway safety in America made the following determination:

> "Whose responsibility is it to see that maximum safety is incorporated into our motor vehicle transportation system?
>
> On this, the subcommittee is adamant. It is the responsibility of Government and specifically those agencies that, by law, have been given that mandate. This responsibility begins with the Congress and flows through the Department of Transportation, its Federal Highway Administration, the State Highway Departments and safety agencies, and the street and highway units of counties, townships, cities and towns. There is no retreating from this mandate, either in letter or in spirit."

Within one month the Highway Safety Act of 1973 was enacted into law. That historic law created and funded a national highway safety program specifically dedicated to enhanced safety at highway-railroad crossings by providing for needed crossing engineering and warning device improvements. Beginning in 1988, approximately $250,000 was also annually set aside from federal crossing improvement funds as a contribution to Operation Lifesaver, a nationwide public information, driver education, and traffic law enforcement program focused on reducing crossing accidents. The Federal Highway Administration estimates that the crossing engineering improvement program, combined with Operation Lifesaver efforts, has prevented over 6,000 fatalities and 25,000 injuries since 1974, and has an overall benefit-cost ratio of 1.3. Today, after making available over $2.5 billion in federal highway user fee revenues and succeeding in reducing the annual rate of crossing accidents and fatalities by over 50 percent, I am concerned that the future of the Federal Highway-Rail Crossing Improvement Program (Section 130 Program) is in serious jeopardy.

The Federal Highway Administration has advocated a position which heavily promotes increased flexibility in state and local government decision-making with regard to the use of federal highway funds. FHWA's position takes shape in the form of consolidated highway program categories or a "block grant", in this case called the "Urban and Rural Program."

If federal funding for crossing improvements were to be consolidated into a flexible block grant highway program, rather than remain dedicated or earmarked for crossing improvements, it is probable that crossing needs would rarely successfully compete with more traditional highway needs such as highway capacity improvements and highway maintenance. Historically, highway safety generally, and crossing safety particularly, fares very poorly in the competition for scarce financial resources. In fact, this problem was the core reason the separate crossing improvement program category was established in 1973. During the forty years between 1934 and 1973 less than $95 million in federal funds was spent installing signs and warning systems at public crossings, and crossing accidents and casualties continued to increase. Since 1974, nearly $1.3 billion in federal Section 130 Program funds has been spent on crossing warning systems and, as I mentioned earlier, crossing accidents and casualties have dropped dramatically.

The Federal Crossing Improvement Program has proven to be a highway safety program that works, and it continues to be successful. Proposals to consolidate the Section 130 Program with other highway program categories would very simply constitute a retreat to the same situation which so troubled the Congress, the highway safety community, and the railroad industry prior to 1973. I urge you to continue the separate Crossing Improvement Program and the earmarked support for the National Operation Lifesaver Program.

William H. Dempsey
President

ASSOCIATION
OF AMERICAN
RAILROADS

April 19, 1991

Honorable Norman Y. Mineta
Chairman
Subcommittee on Surface Transportation
United States House of Representatives
B 376 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Mineta:

I very much appreciate the opportunity to testify yesterday before the Subcommittee on Surface Transportation regarding two issues of critical importance to the railroad industry--longer combination vehicles (LCV's) and highway-rail crossing safety. During my appearance you asked a question concerning whether a separate categorical Section 130 Program continued to be necessary, given the Program's past success in reducing crossing accidents and fatalities by approximately 50 percent. In addition to my oral response during the subcommittee hearing, I would offer this supplemental response to your question and ask that this correspondence be included as part of the official hearing record.

Much has been accomplished through the Section 130 Program, and other efforts such as Operation Lifesaver, to improve highway-rail crossing safety since the early 1970's. It is apparent much still remains to be done. Section 159 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100-17) required the Secretary of Transportation to "conduct a study of national highway-railroad crossing improvement and maintenance needs." The "Rail-Highway Crossing Study" has been completed and documents the following findings:

> "For the 1988-2005 time period, approximately $853 million in estimated annual needs are identified...
>
> For warning systems, an estimated annual investment of $185 million in improvements is necessary to maintain current overall safety performance. An additional $105 million is needed to adequately maintain and operate the system. An initiative to cost effectively reduce current accident levels would require another $30 million

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annually, for a total of $320 million annually in potential needs for warning systems.

The estimated annual investment in structure improvements to maintain traffic services and structural conditions, for both highway and railroad structures, is $390 million. Routine maintenance adds another $35 million, for an annual total of $425 million in structure needs. Of the $108 million in other needs identified, 74 percent are for maintaining, replacing, and improving crossing surfaces."

Clearly, substantial additional effort and investment are required to maintain and continue to improve crossing safety. An integral part of this country's commitment to improved highway-rail crossing safety continues to be a separate categorical Federal Highway-Rail Crossing Improvement Program.

Once again, thank you for your interest in issues of concern to the railroad industry, and your commitment to this country's overall transportation needs.

Sincerely,

William H. Dempsey

# Testimony of
# Robert Desjardins
## on Behalf of
# The Associated General Contractors of America
## Presented to the
# House Public Works and Transportation Committee
# Subcommittee on Surface Transportation
## on the Topic of Reauthorization of
# The Nation's Surface Transportation Programs
## April 18, 1991

The Associated General Contractors of America (AGC) is a national trade association of more than 32,500 firms, including 8,000 of America's leading general contracting firms. They are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, water works facilities, waste treatment facilities, dams, water conservation projects, defense facilities, multi-family housing projects and site preparation/utilities installation for housing development.

The Associated General Contractors of America
1957 E Street N.W., Washington, D.C. 20006-5199 (202) 393-2040 Fax (202) 347-4004

Mr. Chairman and Members of the Subcommittee, I am Robert Desjardins, a contractor from Pittsfield, Maine. I am also this year's Highway Division Chairman of the Associated General Contractors of America (AGC). AGC is a national trade association of more than 32,500 firms, including 8,000 of America's leading general contracting firms. They are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, water works facilities, dams, water conservation projects, defense facilities, multi-family housing projects and site preparation/utilities installation for housing development.

AGC appreciates the opportunity to express its views on issues facing the nation in surface transportation. AGC believes this nation must increase investment in its surface transportation infrastructure to provide the foundation for continued economic prosperity and international competitiveness.

AGC is also concerned that this country is in a recession and that steps must be taken immediately to stimulate the nation's economy and create jobs.

The harsh realities of the recession in the construction industry are dramatically demonstrated by the United States and state by state Economic Fact Sheets which are included with this testimony. These fact sheets have been developed from the latest information from the Departments of Labor and Commerce on the current status of construction employment and the role of construction in the nation's economy.

Briefly, the fact sheets show that the construction industry lost 498,000 jobs in the ten month period from May 1990 to March 1991, and that construction unemployment rose from 13.0 percent in February 1990 to over 21 percent in February of 1991. This compares with a total U.S. unemployment rate of 5.8 percent in February 1990 and 7.2 percent in February 1991.

Clearly, this is a critical problem that needs to be addressed. AGC believes the reauthorization of the nation's surface transportation programs can play a significant role in bringing the nation out of the recession and provide the long term framework to promote needed investment in our nation's transportation infrastructure.

With the nation in a recession, AGC believes the economic benefits of infrastructure investment are particularly worthy of note. Unlike many government expenditures, infrastructure spending is an investment which has short and long term benefits.

The short term benefits of infrastructure investment are increased construction employment and the ripple effect of induced economic activity in other industries that follows. The U.S. Department of Commerce estimates that:

- Each additional $1 billion spent on new construction creates 46,800 jobs in construction, supply and service industries. A $25 billion highway program sustains nearly 1.2 million jobs.

- Each $1 spent on new construction in the United States generates $3.62 in economic activity across all industries and services. A $25 billion highway program generates $90.5 billion in economic activity throughout the country.

These statistics show that at a time when construction industry unemployment looms at over 21 percent, and unemployed construction workers account for 14 percent of the nation's unemployed, increased spending for the nation's surface transportation programs couldn't be more critical.

The long term benefits of infrastructure investment have also been well documented over the past several years. The research of Dr. David Aschauer has established a critical link between infrastructure investment and productivity by comparing the infrastructure investment levels of the major industrialized nations and their productivity. Based on Dr. Aschauer's research, this nation needs to invest more in infrastructure to maintain productivity and global competitiveness now and in the future.

As the 102nd Congress gets underway, we applaud this Subcommittee for scheduling these hearings and getting on with the important task of reauthorizing the nation's highway and mass transit programs. AGC is also very encouraged that President Bush and Transportation Secretary Skinner have placed transportation as a top priority of the Administration's domestic agenda.

We commend you Mr. Chairman, and the leadership of the House Public Works and Transportation Committee for taking the initiative earlier this year to propose an aggressive, 5-year, $153 billion, budgetary framework for the future funding of our nation's surface transportation programs.

AGC believes the Committee's budget request is on the right track to improve and expand the efficiency of our nation's highway and bridges and make a substantial federal commitment towards addressing documented annual highway capital needs of all levels of government of $58.5 billion. It can also make a critical difference in the state of the U.S. economy, now and in the future.

Therefore, at our recent Convention, AGC unanimously adopted a Convention resolution in support of the House Public Works Committee's budget proposal. Consistent with our policy to increase highway investment, AGC will continue to: urge a draw down in the trust fund balance; support a recapturing of the 2 1/2 cent gas tax lost to the general fund last year; and support an increase in the gas tax to address unmet highway needs. The Committee can count on our continued support and cooperation as you develop the details of the Committee's reauthorization proposal.

In preparation for the reauthorization of the federal surface transportation programs in 1991, AGC undertook a policy development initiative in 1988 which is ongoing. Recognizing that construction of the interstate highway system will be essentially complete in the early 1990s, America is at a crossroads with regard to its future transportation policy. AGC's policy development effort has focused on those surface transportation issues which will continue to be important to the nation into the 21st century.

Following is a discussion of some of the major policy recommendations which

AGC has adopted to guide our efforts in working with the Administration and the Congress to develop new surface transportation legislation.

## TRANSPORTATION'S ROLE IN ECONOMIC DEVELOPMENT

AGC believes that transportation infrastructure is at the very heart of what makes this country thrive and prosper. Over the past 30 years the gross national product of this country has grown over 1,000 percent, nearly double the increase of the previous 30-year period in our history. Several factors account for this growth.

One factor, highway development, stands out above all others. America has grown and prospered from the mobility provided by the nation's highway transportation system, in general, and specifically the Interstate Highway System, which was started in 1956. A look at the role of our highway system in our economy will show the magnitude of its effect on current and future economic development.

- 89.5 percent of all personal travel is on highways;
- 82 percent of all freight revenues are carried on highways; nearly every product manufactured or consumed in this country is, for a portion of its journey from production to market carried by truck; and
- 85 percent of America's workers commute to work by private vehicle.

Clearly, highways play a vital role in our economy. No commercial, industrial, retail, or residential development would have been built in a location that did not provide for an adequate highway system to support it.

As development patterns have changed, highways have played an even more important role in this country. Development over the past 20 years has shifted substantially to suburban growth centers. Suburban employment currently accounts for 60 percent of metropolitan jobs, 47 percent of all job destinations, and 67 percent of all job growth in this country. America is increasingly working in commercial buildings, industrial complexes, and shopping centers in suburban areas. None of these suburban developments would have been possible without an adequate highway transportation system serving them.

Increasingly, communities around this country are recognizing the critical link between highways and economic development. Phoenix has undertaken a multi-billion dollar road development program designed to support the area's rapid economic development. A critical factor in the tremendous growth in the suburban Washington, D.C., area of Fairfax County, Virginia, has been access to highway transportation. This same link between highways and building is being played out in growth areas across the country.

Unfortunately, some tend to take our highway system for granted. Indeed, like other aspects of our nation's infrastructure, some rarely acknowledge the vital role that highways play in their daily lives, until the highway system breaks down.

There are already signs our highway system is wearing out. The tremendous highway investment made over the past 35 years has been a great success. Our highway network has carried traffic far beyond its design life, as Americans have enjoyed the rewards of mobility unknown to most of the rest of the world. This success, however, has taken its toll as we fail to adequately reinvest in our highway system. Many portions of the Interstate system are in need of repair and reconstruction; nearly 50 percent of the nation's bridges are structurally deficient or obsolete; and congestion on urban freeways is increasing at an alarming rate.

A central question facing the Congress is how to ensure adequate investment in the nation's transportation infrastructure to meet current and future demands for economic growth. AGC believes that this nation is seriously underinvesting in its transportation infrastructure, at a great cost to the nation in lost productivity, jobs, and international competitiveness. The nation's transportation system is the arterial system by which the country's economic development is nurtured and supported. If the people of this country, both public officials and private citizens alike, continue to ignore the construction and rehabilitation of this nation's highways and the congestion in the nation's airports and airways, our nation will pay many times over in lost economic opportunity now and in the future.

AGC is joined by a number of others in a concern for the state of the nation's infrastructure. There is clear and convincing evidence that our abysmally deficient investment in infrastructure is having a negative effect on the future of the nation's economy. The National Council on Public Works Improvement (NCPWI) identified the current lack of infrastructure investment as an issue approaching crisis proportions. In its final report entitled "Fragile Foundations" the NCPWI concluded that the quality of America's infrastructure is barely adequate to fulfill current requirements and insufficient to meet the demands of the future. A major recommendation contained in the NCPWI final report is a call for a national commitment, shared by all levels of government and the private sector, to increase capital spending for infrastructure by as much as 100 percent above current levels.

The Rebuild America Coalition, an organization of 64 public and private associations dedicated to infrastructure investment, published a study in March of 1988 entitled "Increasing Infrastructure Investment: Making America's Economy Competitive Again". That study examined the historic role of infrastructure investment in promoting economic growth and the adverse economic effects of the disinvestment in infrastructure which has taken place over the past 20 years.

A strong link between public works investment and America's productivity and international competitiveness has been drawn by economist Dr. David Aschauer, formerly with the Chicago Federal Reserve Bank. In his research, Dr. Aschauer studied the productivity and public investment levels of seven major industrialized nations -- the United States, Japan, West Germany, Canada, France, Italy, and the United Kingdom.

The results of Aschauer's research indicate that nations with the highest savings and investment also have the highest productivity. He concludes that "Public investment, by directly raising productivity as well as by promoting private investment, works doubly hard in enhancing our worldwide competitive position." Last year, 327 economists, including six Nobel Laureates, called upon the Congress and the President to increase public investment noting the crucial link between that investment and the productivity needed for a competitive edge.

In as much as transportation is a major component of the nation's infrastructure, AGC believes that the NCPWI findings and the research work of the Rebuild America Coalition and Dr. Aschauer lend strong support to our advocacy of increased transportation capital investment to keep America's economy strong.

AGC Recommendation

**AGC urges the federal government to assume the necessary leadership role to promote adequate transportation capital investment by all levels of government.**

## SURFACE TRANSPORTATION NEEDS AND FUTURE FUNDING

Statistics show that U.S. spending on public works projects has declined significantly as a percentage of total governmental expenditures. In 1950, 19.1 percent of government expenditures went to public works, by 1984, the figure dropped to 6.8 percent. This comes at a time that U.S. motorists experienced over 700 million hours of delay on highways -- wasting nearly 3 billion gallons of gasoline as a result. The projected congestion of 3.9 billion hours of delay by 2005 is staggering.

The most in-depth analysis of highway needs was performed in 1988 by the American Association of State Highway and Transportation Officials (AASHTO). In their report entitled "The Bottom Line -- A Summary of the Surface Transportation Investment Requirements 1988-2020", AASHTO identified annual highway capital investment needs, by all levels of government, of up to $58.5 billion between now and the year 2020. This compares with highway capital spending in 1987 of only $31 billion.

With respect to mass transit needs, AASHTO's Bottom Line report identified annual capital investment requirements of up to $3.4 billion. Currently, capital investment in transit is just over $2.1 billion annually.

AGC Recommendation

**AGC applauds the work of AASHTO as part of the Transportation 2020 program and encourages the Subcommittee to consider AASHTO's needs assessment in addressing future surface transportation funding.**

## THE CURRENT PROGRAM -- MODEL CONCEPTS FOR THE FUTURE

The challenges facing this country in transportation are immense, but not insurmountable. The federal programs supporting the nation's surface transportation are basically sound, providing a solid framework to address the challenges of the future. As the Subcommittee considers the future surface transportation legislation, AGC believes there are a number of important concepts of the current program which are critical to the success of surface transportation programs in the future. They include:

- **User Fee - Trust Fund Concepts** - The critical element which has led to the success of the Federal-aid highway program is the user-fee financed trust fund mechanism which is used to support them. The trust fund concept has long been recognized as a reliable and stable financing mechanism for infrastructure investment. As early as the 1930s, several states had developed dedicated, user-fee mechanisms to support highway improvement programs in their states.

  By 1956, the year the Interstate Highway Program was initiated, some 25 states had instituted trust funds or similar dedicated funding sources for their highway programs. Using these successes as a model, the Interstate Highway Program was developed around the user-fee trust fund concept. That financing mechanism has served this country well for nearly 35 years, supporting the nation's highway program and the development of the world's greatest public works project -- the Interstate Highway System.

  Several key features of the trust fund are largely responsible for its success. First it is user-fee financed -- the nation's highway transportation system is paid for only by the user. The more you use the system the more you pay. The public support for the highway program has remained strong primarily because the traveling public receives a direct benefit from the money it pays in user fees.

  Another key aspect of the trust fund is that it provides a stable and reliable financing mechanism on which a successful, major capital investment program must depend. A typical highway project may take 7 to 10 years from the planning stage to completion. Proper planning for the transportation needs of the future requires that a dependable source of revenue will be available to finance the needed improvements when they are ready for construction. The multi-year authorization process and contract authority are critical ingredients to permit for this long term planning and assure the highway program's success.

  From the budgetary standpoint, perhaps the most critical feature of the trust fund is the Byrd Amendment which assures its solvency. The amendment provides that on an annual basis, there is a determination of the outstanding obligations and current balance and expected receipts of the trust fund. This information is used to guarantee that future commitments against the trust fund can be honored.

AGC Recommendation

**AGC recommends the Congress continue the concept of a user fee financed trust fund to support the nation's Federal-aid highway program.**

- Maintain the Gas Tax for Transportation Purposes - AGC strongly opposes any diversion of fuel taxes to purposes other than transportation. As discussed previously, the transportation needs of this country are so great, that we cannot afford to divert this revenue source to other government spending. AGC supports an increase in the gas tax if it is dedicated solely to improving the nation's highways and bridges. AGC believes that the 2.5 cents now going to the general fund for deficit reduction should be placed in the Highway Trust Fund and used for needed highway and bridge improvements.

In a related issue, AGC believes the Congress should eliminate the fuel tax exemption for gasohol. Purchasers of gasohol, like other highway users, should pay their fair share of the costs of construction and rehabilitation of the nation's highway system. However, since gasohol users pay only one-third of the normal 14 cent per gallon gas tax, they are being subsidized by other highway users. Last year, the gasohol subsidy cost the Highway Trust Fund nearly $500 million.

AGC believes that energy independence and clean air are worthy goals, but not at the expense of the nation's highway program. If the gasohol industry truly needs a tax incentive to compete in the marketplace, then other subsidies should be considered by the Congress. The entire nation will benefit from cleaner air and energy independence, therefore, AGC believes the general taxpayer, not the nation's highway program, should bear the responsibility to subsidize the gasohol industry.

AGC Recommendation

**AGC strongly urges the Congress to reject any further proposal to increase the gasoline tax for deficit reduction or non-transportation spending. AGC further urges the Congress to place the 2.5 cents now going to the general fund for deficit reduction in the Highway Trust Fund to be used for much needed highway and bridge improvements. AGC supports Congressional efforts to increase funding for the nation's highway program through spending down the trust fund balance, increasing highway user fees, and elimination of the tax exemption for gasohol.**

- The Open Competitive Bidding System - The open competitive bidding system has long been the cornerstone of the effective administration of public funds in construction contracts. The nation's highway system, as exemplified by the Interstate system, is an outstanding example of the success of this bidding system. Across this nation, the traveling public utilizes a highway system that

was built to quality standards and the public has been assured, through open competition with award to lowest responsive and responsible bidder, that they were obtaining this quality product at the lowest cost to the taxpayer.

AGC believes that the open competitive bidding system remains the single most effective means of contracting for highway construction. In instances where concerns about contractor performance arise, there currently exists a number of steps which can be used by State transportation officials to assure a quality project. These steps include: Prequalification; Improved Plans and Specifications; Prebid Conferences; Adequate Inspection; and Preconstruction Conferences. AGC believes these steps, in conjunction with open competitive bidding, assures the taxpaying public of the highest quality project at the lowest possible price and the construction contractor of fairness and integrity in the selection process.

AGC Recommendation

**AGC strongly urges continuation of the time-tested, open competitive bidding system -- with contracts publicly advertised, bids publicly received and read aloud, and contracts awarded to the lowest responsive and responsible bidder -- as the means of contracting for federally-assisted highway construction.**

- Equitable Distribution of Funding - AGC recognizes that one of the most difficult challenges of developing future highway legislation will be devising equitable formulas for the distribution of funding. While the current formulas may not be viewed by all states as equitable, AGC believes that two concepts contained in the current program assure all states a certain level of equity. They are the one-half percent minimum apportionment and the 85 percent minimum allocation provisions.

AGC acknowledges that these provisions may have to take a different form in the future program since certain categories of funding are likely to be revised. However, AGC endorses the overall concept of guaranteeing small and rural states a minimum level of total federal funding to support their highway programs. AGC equally endorses the concept of guaranteeing a minimum level of return of trust fund contributions to states which through the formula process receive significantly less in apportionments than they contribute in user fees.

AGC Recommendation

**AGC recommends a continuation, in future legislation, of the concepts of a guaranteed level of federal funding to small and rural states, as well as a guaranteed minimum return of trust fund revenues to donor states which contribute significantly more in user fees than they receive in apportionments.**

## CURRENT PROBLEMS -- A LOSS OF PROGRAM EFFECTIVENESS

While the current program has generally worked well, there are a number of policies which are having an adverse effect on the overall program effectiveness. The most damaging policies are occurring as part of the budget process which prevents the timely expenditure of highway user revenues for their intended purpose. No less troublesome, however, are several other aspects of the program which compromise the cost effectiveness of the program. The problem areas include:

- **Budgetary Treatment of the Transportation Trust Funds** - While the trust fund mechanism has worked well in funding transportation programs, the current budget process inhibits the expenditure of the trust fund receipts for their intended purpose. AGC views the trust fund and the highway program in the context of an ongoing capital investment program which should be subject to different rules than the current budget allows. AGC believes the manner in which the transportation trust funds are treated in the budget process needs to be modified.

  As mentioned previously, the highway program is founded on the basis of multi-year authorizations for highway investment. The process recognizes that when a highway project is approved and let for contract, it may be 3 or more years before the final reimbursement for the project will be made to a state and the construction contractor paid in full for the work. For this reason, the user fees paid into the Highway Trust Fund are kept in force for 2 years beyond the final authorization in any highway legislation. This provides the necessary financing for the project at the time the bills need to be paid. Without other artificial spending restraints, such as obligation ceilings, the trust fund can support the highway program with a relatively low cash balance of approximately $2 to $3 billion.

  The budget problems which have faced this country since the late 1960s, however, have had a detrimental effect on the ability of the federal government to let the trust fund work in the manner in which it was intended. Since 1969, artificial spending restraints have caused the Highway Trust Fund balance to grow dramatically to a current balance of over $15 billion, including the mass transit account.

  A first step in addressing this issue would be to expend the trust fund balances for their intended purposes. Since the trust fund receipts can be used for no other purpose than transportation, bankrolling these trust funds is not only a breach of faith with the transportation users of this country, but is merely postponing work that should be done now to prevent more costly repairs later. A longer term solution to this issue is to take the trust funds out of the unified budget. These programs have not contributed to the deficit. The large cash balances are the very proof of that. The user-fee financed transportation programs of this country should be funded at the level their trust funds can support. The receipts should not be loaned to other programs while vital transportation needs of this country are neglected.

AGC Recommendation

**AGC continues to endorse the House Public Works and Transportation Committee's initiatives to take the transportation trust funds out of the unified budget process.**

- Special Preference Programs - In conjunction with AGC concerns about preservation of the open competitive bidding system, AGC has an ongoing concern with the continuation of special preference programs within DOT's federally assisted construction programs. Beginning with the Department of Transportation's 1980 Minority Business Enterprise regulations and continuing with the statutory requirements for Disadvantaged Business Enterprise (DBE) participation in the highway, transit, and airport improvement programs which were enacted in 1982 and 1987, AGC is very concerned that the Department's DBE programs are compromising the competitive bidding system.

  Although the notion exists that the apparent lack of minority-owned construction firms proves there has been discrimination in the award of public construction contracts, AGC believes that the open competitive bidding system, by its nature, is race and gender blind. If construction contracts are publicly advertised, bids accepted from all qualified bidders and read aloud publicly, there is no chance that a public agency can discriminate in the award of their contracts.

  AGC therefore questions why general contractors should be subjected to requirements that force them to engage in another kind of discrimination which denies individuals subcontracts because they are not a member of a preferred disadvantaged group.

  AGC Recommendation

  **AGC urges the Congress to sunset the current DBE program which results in the denial of subcontracts to many individuals because of their race, gender, or national origin. Instead, the Congress should explore means of promoting the participation of disadvantaged business enterprises in the Federal-aid highway program that will not be subject to constitutional challenge.**

- Highway program funding sanctions - Over the past several decades, the highway program has been used as leverage to force compliance with other federal mandates. From highway beautification to clean air, there are currently at least 11 different highway program sanctions ranging from withholding project approval to withholding of highway apportionments which may be imposed. Given the pressing need to adequately fund our nation's highway program, it is counterproductive, at best, to impose highway sanctions on states and jeopardize their ability to meet growing highway needs.

AGC Recommendation

**AGC recommends that the Congress remove the current sanctions and penalties affecting the highway program and explore alternate means to achieve appropriate state compliance.**

- Federal/State Roles - As other major changes in the program are considered, it is an opportune time to reassess the current federal/state/local roles in the nation's highway program. AGC believes that the federal/state partnership that has existed in the highway program has generally worked well. AGC believes, however, that a refinement of the federal and state roles should be examined, as follows: There is a legitimate role for the federal government to establish national priorities and conduct oversight of federal expenditures. However, AGC believes there has been too much federal intrusion into state decisionmaking and the administration of the highway program.

AGC Recommendation

**AGC recommends the Congress consider a reduced federal role in highway program administration, particularly with respect to project by project decisionmaking, and endorse increased flexibility in program administration by the states.**

- Funding Flexibility between Highway and Transit Programs - In a related issue AGC is concerned by the provisions in the Administration's bill which would provide state and local governments the flexibility to transfer funding between the highway and transit programs.

  AGC continues to believe that revenues placed in the Highway Account of the trust fund must be expended solely for highway improvements. Current revenues are insufficient to meet documented highway needs; allowing the transfer of funds to mass transit projects further exacerbates an already critical funding problem.

AGC Recommendation

**AGC recommends that the Congress reject proposals to provide funding transferability between highway and transit programs to state and local governments.**

In closing, AGC acknowledges that the Congress faces a tremendous challenge in balancing interests in the future legislation and stands ready to work with the Congress as it develops solutions to the nation's transportation infrastructure crisis.

# UNITED STATES ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of March, 1991.

## CONSTRUCTION EMPLOYMENT

- In 1990, **5,204,000** people were employed in the construction industry. While this exceeded the 1989 average by 4,000 jobs, construction industry employment declined from 4.8 percent of U.S. employment in 1989 to **4.7 percent of U.S. employment** in 1990.

- In the ten months between May, 1990 and March, 1991, **498,000** jobs have been lost in the construction industry, almost **10 percent** of the industry's total employment. In the first three months of 1991, between December, 1990 and March, 1991, construction employment dropped by **195,000 jobs.**

U.S. EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1985 | 4,673,000 | 97,519,000 | 4.8 |
| 1986 | 4,816,000 | 99,525,000 | 4.8 |
| 1987 | 4,967,000 | 102,200,000 | 4.9 |
| 1988 | 5,110,000 | 105,536,000 | 4.8 |
| 1989 | 5,200,000 | 108,413,000 | 4.8 |
| 1990 | 5,204,000 | 110,323,000 | 4.7 |
| January, 1991 | 4,841,000 | 109,813,000 | 4.4 |
| February, 1991 | 4,860,000 | 109,522,000 | 4.4 |
| March, 1991 | 4,788,000 | 109,316,000 | 4.4 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT BY MONTH (SEASONALLY ADJUSTED)

| *Month* | *Construction* | *Change in Jobs from Prior Month* |
|---|---|---|
| January, 1990 | 5,294,000 | +78,000 |
| February, 1990 | 5,368,000 | +74,000 |
| March, 1990 | 5,313,000 | -55,000 |
| April, 1990 | 5,256,000 | -57,000 |
| May, 1990 | 5,286,000 | +30,000 |
| June, 1990 | 5,270,000 | -16,000 |
| July, 1990 | 5,229,000 | -41,000 |
| August, 1990 | 5,194,000 | -35,000 |
| September, 1990 | 5,176,000 | -18,000 |
| October, 1990 | 5,093,000 | -83,000 |
| November, 1990 | 5,029,000 | -64,000 |
| December, 1990 | 4,983,000 | -46,000 |
| January, 1991 | 4,841,000 | -142,000 |
| February, 1991 | 4,860,000 | +19,000 |
| March, 1991 | 4,788,000 | -72,000 |

Bureau of Labor Statistics, U.S. Department of Labor

## CONSTRUCTION UNEMPLOYMENT RATE

- The **national** average construction unemployment rate increased to **11.1% in 1990** from 10.0% in 1989. For the U.S. as a whole, the civilian worker unemployment rate averaged **5.5%** in 1990, up from 5.3% in 1989.

- In February, 1991, the construction industry unemployment rate reached **21.4%**. In February, 1990, the construction industry unemployment rate was 13.1%. These construction unemployment rates compare with the total U.S. unemployment rate of **7.2%** in February, 1991 and 5.8% one year earlier in February, 1990. These unemployment rates are not adjusted for seasonality.

- In February, 1991, unemployed construction workers accounted for **14.6%** of the total 8.9 million unemployed Americans even though the construction industry only accounted for **4.4%** of employment. In February, 1991, **1,306,000** construction workers in the U.S. were unemployed. In February, 1990, 838,000 construction workers were unemployed.

## IMPACT OF CONSTRUCTION ON THE U.S. ECONOMY

- Each $1 spent on new construction in the United States generates a total of **$3.6182** in economic activity across all industries and services. This multiplier can be used to estimate the impact of a new construction project on the economy. For example, a $20 million project would result in a $72,364,000 increase in economic transactions ($20 million X the 3.6182 multiplier). This total includes the original $20 million project.

- Each additional $1 billion spent on new construction in the United States creates **46,800 jobs** in construction, supplier, and service industries.

- For each $1 of new construction, the earnings of households in the state is increased by **$1.0929**. For example, a $20 million construction project would increase the total household earnings (primarily payroll) by $21,858,000 ($20 million X $1.0929). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE U.S. ECONOMY

- The total construction industry payroll in the United States in 1989 was $128,713,052,000, 6.4 percent of the nation's total private industry payroll.

- The construction industry employs **one-third more** people than food stores, more than **twice** as many workers as auto dealers and service stations combined, and also **twice** as many workers as the insurance industry. Most manufacturing industries are also far below construction industry in employment.

**SELECTED INDUSTRY EMPLOYMENT, JANUARY 1991**

| | |
|---|---|
| Construction (seasonally adjusted) | 4,832,000 |
| Food Stores | 3,317,100 |
| Auto Dealers and Service Stations | 2,081,400 |
| Insurance | 2,155,000 |
| Transportation Equipment | 1,871,600 |
| Textile Manufacturing | 679,300 |
| Tobacco Industry | 50,000 |

Bureau of Labor Statistics, U.S. Department of Labor

- Over the last five years for which data is available, U.S. construction increased from 4.5% of gross domestic product in 1982 to 4.7% in 1986. Unfortunately, this very useful data, the first of its kind computed for the nation and all fifty states, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS DOMESTIC PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| UNITED STATES | 4.5% | 4.5% | 4.6% | 4.7% | 4.7% |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction approaches 10% of the gross national product.

## U.S. CONSTRUCTION MARKETS

- In 1990, the volume of new construction in the U.S. was **$434.3 billion**, an increase of 0.5 percent over the 1989 volume of $432.1 billion.
- The public construction market -- **infrastructure investment** -- continued its recent growth, reaching **$109.7 billion** in 1990, with most of the growth occurring in state and local construction.
- Nonresidential construction stayed essentially steady at **$137.5 billion** in 1990, with industrial construction offsetting declines in other markets, particularly office construction.
- Residential construction declined to **$187.1 billion** in 1990 from $196.6 billion in 1989.

VALUE OF NEW CONSTRUCTION PUT IN PLACE (IN BILLIONS OF DOLLARS)

| *Construction Category* | *1986* | *1987* | *1988* | *1989* | *1990* |
|---|---|---|---|---|---|
| Residential Buildings | $187.1 | $194.7 | $198.1 | $196.6 | $187.1 |
| Nonresidential Construction | 126.5 | 125.0 | 129.0 | 137.0 | 137.5 |
| **Total Private Construction** | **313.6** | **319.6** | **327.1** | **333.5** | **324.6** |
| State and Local Construction | 72.2 | 76.5 | 82.7 | 86.3 | 95.7 |
| Federal Construction | 12.4 | 14.1 | 12.3 | 12.3 | 14.0 |
| **Total Public Construction** | **84.6** | **90.6** | **95.0** | **98.6** | **109.7** |
| **Total New Construction** | **398.2** | **410.2** | **422.1** | **432.1** | **434.3** |

Bureau of the Census

These construction volume figures can be adjusted to take out the impact of inflation, providing a better picture of the growth or contraction of construction markets over time.

VALUE OF NEW CONSTRUCTION PUT IN PLACE ADJUSTED FOR INFLATION
(IN BILLIONS OF CONSTANT 1987 DOLLARS)

| *Construction Category* | *1986* | *1987* | *1988* | *1989* | *1990* |
|---|---|---|---|---|---|
| Residential Buildings | $195.4 | $194.6 | $190.3 | $182.0 | $170.3 |
| Nonresidential Construction | 130.6 | 124.9 | 124.1 | 126.5 | 123.8 |
| **Total Private Construction** | **325.9** | **319.5** | **314.4** | **308.5** | **294.1** |
| State and Local Construction | 73.0 | 76.6 | 79.1 | 80.0 | 87.1 |
| Federal Construction | 12.7 | 14.1 | 11.8 | 11.4 | 12.7 |
| **Total Public Construction** | **85.7** | **90.7** | **90.8** | **91.4** | **99.7** |
| Total New Construction | 411.6 | 410.2 | 405.2 | 399.9 | 393.8 |

Bureau of the Census

The following table shows the month in which each construction market peaked, and the seasonally adjusted annual rate of construction performed during that peak month. The annual rate of construction in the peak month is then compared with the most recent data, the annual rate of construction work performed in February, 1991, also seasonally adjusted.

CONSTRUCTION MARKETS AFTER ADJUSTMENT FOR INFLATION
(SEASONALLY ADJUSTED ANNUAL RATE IN MILLIONS OF CONSTANT 1987 DOLLARS)

| *Construction Category* | *Month in Which Market Peaked* | *Peak Value of Construction* | *Value in February, 1991* | *Percent Change from Peak Value* |
|---|---|---|---|---|
| Private Residential Construction: | | | | |
| Single Family Houses | January, 1989 | $114,803 | $79,953 | -30.4% |
| Two-or-More Family Buildings | April, 1989 | 21,663 | 14,787 | -31.7 |
| **Total Residential** | **January, 1989** | **191,525** | **141,004** | **-26.4** |
| *Private Nonresidential Construction:* | | | | |
| Industrial | July, 1990 | $21,269 | $18,652 | -12.3 |
| Office | January, 1989 | 28,555 | 20,720 | -27.4 |
| Hotels, Motels | May, 1990 | 8,153 | 6,940 | -14.9 |
| Other Commercial | October, 1989 | 30,954 | 22,834 | -26.2 |
| Religious | January, 1989 | 3,159 | 2,398 | -24.1 |
| Educational | September, 1990 | 3,791 | 3,440 | -9.3 |
| Hospitals, Institutional Buildings | June, 1990 | 8,012 | 7,676 | -4.2 |
| Miscellaneous Buildings | September, 1988 | 4,465 | 3,285 | -26.4 |
| **Total Nonresidential Buildings** | **July, 1990** | **98,406** | **85,945** | **-12.7** |
| *Public Construction:* | | | | |
| Total Buildings | February, 1991 | 44,279 | 44,279 | --- |
| Housing and Redevelopment | August, 1989 | 4,168 | 3,407 | -18.3 |
| Industrial | September, 1989 | 1,832 | 1,239 | -32.4 |
| Educational | February, 1991 | 21,172 | 21,172 | --- |
| Hospital | April, 1990 | 3,091 | 2,420 | -21.7 |
| Other Public Buildings | January, 1991 | 16,923 | 16,041 | -5.2 |
| Highways and Streets | February, 1990 | 33,886 | 30,781 | -8.9 |
| Military Facilities | June, 1988 | 5,383 | 1,249 | -76.8 |
| Conservation and Development | May, 1989 | 5,983 | 4,737 | -20.8 |
| Sewer Systems | August, 1990 | 9,853 | 8,168 | -17.1 |
| Water Supply Facilities | October, 1990 | 5,019 | 4,458 | -11.2 |
| Miscellaneous Public | July, 1990 | 8,968 | 6,095 | -32.0 |
| Total Public Construction | November, 1990 | 102,884 | 99,768 | -3.0 |
| TOTAL NEW CONSTRUCTION | March, 1990 | 416,497 | 357,512 | -14.2 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# ALABAMA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Alabama increased from 64,800 in 1984 to 78,000 in 1988, then dropped to 75,900 in 1989.
- In December, 1990, the construction industry in Alabama employed 200 more workers than in December of 1989 (monthly data not seasonally adjusted).
- Construction employment was 4.8% of total state employment of 1.6 million in 1989.

ALABAMA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 64,800 | 1,387,700 | 4.7 |
| 1985 | 71,400 | 1,427,100 | 5.0 |
| 1986 | 74,900 | 1,463,300 | 5.1 |
| 1987 | 75,100 | 1,507,700 | 5.0 |
| 1988 | 78,000 | 1,558,700 | 5.0 |
| 1989 | 75,900 | 1,588,300 | 4.8 |
| December, 1989 | 76,700 | 1,603,100 | 4.8 |
| December, 1990 | 76,900 | 1,620,200 | 4.7 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December,1990* |
|---|---|---|---|
| Birmingham | 24,400 | 22,700 | 22,400 |
| Huntsville | 5,500 | 4,900 | 5,400 |
| Mobile | 10,800 | 10,200 | 10,500 |
| Montgomery | 8,200 | 7,200 | 6,800 |
| Tuscaloosa | 3,100 | 3,500 | 4,300 |

Bureau of Labor Statistics, U.S. Department of Labor

## ALABAMA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Alabama was 6.8% (7.0% in 1989, 7.4% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 128,000 people were unemployed in the state. 102,000 people were unemployed in the state in 1989, including 12,000 construction workers.
- The **construction** unemployment rate in Alabama was 11.5% in 1989 (16.4% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON ALABAMA

- Each $1 spent on new construction in Alabama generates a total of $2.4374 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $48,748,000 increase in the state's economy ($20 million X the 2.4374 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Alabama creates 40.8 jobs. For example, a $20 million new construction project would create 816 jobs in the state in construction, supplier, and service industries (20 X 40.8 jobs per million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7897. For example, a $20 million construction project would increase the total household earnings in the state by $15,794,000 ($20 million X $.7897). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF ALABAMA'S ECONOMY

- The total construction industry payroll in Alabama in 1989 was $1,525,289,000, 6.3 percent of the state's total private industry payroll.

- In Alabama, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 3.2% of the state's gross product in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| ALABAMA | 3.1% | 3.0% | 3.0% | 3.2% | 3.2% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN ALABAMA

- In 1990, the value of nonresidential building permits issued for new construction increased 3.3 percent from 1989, to $490.7 million. Nonresidential remodeling and reconstruction work dropped 8.3 percent, to $350.3 million in 1990. Residential construction authorized by building permits increased 6.3 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN ALABAMA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $505,875 | $519,189 | 2.6% |
| Two-Family Buildings | 3,638 | 5,239 | 44.0 |
| Three- and Four-Family Buildings | 12,006 | 5,563 | -53.7 |
| Five-or-more Family Buildings | 73,706 | 102,478 | 39.0 |
| **Total Residential Buildings** | **595,225** | **632,469** | **6.3** |
| **Additions, Alterations, Residential** | **111,017** | **100,771** | **-9.2** |
| Hotels, Motels | 18,369 | 10,353 | -43.6 |
| Other Nonhousekeeping | 10,561 | 13,435 | 27.4 |
| Amusement, Social, Recreational | 7,962 | 15,335 | 92.6 |
| Churches | 21,175 | 20,812 | -1.7 |
| Industrial Buildings | 47,641 | 58,903 | 23.6 |
| Parking Garages | 9,134 | 17,042 | 86.6 |
| Service Stations, Repair Garages | 7,379 | 7,531 | 2.1 |
| Hospitals, Institutional Buildings | 39,137 | 72,110 | 84.3 |
| Office, Bank, Professional Buildings | 106,159 | 89,666 | -15.5 |
| Public Works, Utilities Buildings | 6,383 | 5,235 | -18.0 |
| Schools, Educational Buildings | 9,459 | 13,700 | 44.8 |
| Stores, Customer Services | 168,718 | 140,098 | -17.0 |
| Other Nonresidential Buildings | 14,753 | 18,909 | 28.2 |
| Structures other than Buildings | 8,088 | 7,531 | -6.9 |
| Total New Nonresidential | 474,850 | 490,660 | 3.3 |
| Nonresidential Additions, Alterations | 381,996 | 350,312 | -8.3 |

PREPARED BY THE BEAN TRUST, ARLINGTON, VA

Bureau of the Census

# ALASKA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Alaska has decreased rapidly from 20,400 in 1984 to 9,000 in 1988, rebounding slightly to 9,800 in 1989.

- As of December, 1990 construction employment had risen to 9,100 (not seasonally adjusted), an increase over December's employment level one year earlier.

- Construction employment was 9.0% of total state employment in 1984. In 1989, construction accounted for 4.3% of the 227,300 people employed in Alaska.

ALASKA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 20,400 | 225,700 | 9.0 |
| 1985 | 18,600 | 230,700 | 8.1 |
| 1986 | 13,400 | 220,700 | 6.1 |
| 1987 | 10,100 | 210,100 | 4.8 |
| 1988 | 9,000 | 213,700 | 4.2 |
| 1989 | 9,800 | 227,300 | 4.3 |
| December, 1989 | 8,100 | 221,200 | 3.7 |
| December, 1990 | 9,100 | 227,100 | 4.0 |

Bureau of Labor Statistics, U.S. Department of Labor

## ALASKA UNEMPLOYMENT RATE

- In 1990, the unemployment rate for all private nonagricultural wage and salary workers in Alaska was 6.9% (6.7% in 1989), as compared to the national average rate of 5.5% in 1990 (5.3% in 1989).

- In 1990, 18,000 people were unemployed in the state. 12,000 people were unemployed in the state in 1989, including 2,000 construction workers.

- The **construction** unemployment rate in Alaska was 19.1% in 1989 (29.7% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON ALASKA

- Each $1 spent on new construction in Alaska generates a total of $1.6564 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $33,128,000 increase in the state's economy ($20 million X the 1.6564 multiplier). This total includes the original $20 million project.

- Each additional $1 million spent on new construction in Alaska creates 15.4 jobs. For example, a $20 million new construction project would create 308 jobs in the state in both construction, supplier, and service industries ($20 X 15.4 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.5317. For example, a $20 million construction project would increase the total household earnings in the state by $10,634,000 ($20 million X $.5317). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce

## CONSTRUCTION'S SHARE OF ALASKA'S ECONOMY

- The total construction industry payroll in Alaska in 1989 was $411,988,000, 9.3 percent of the state's total private industry payroll.

- In Alaska, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 10.1% of the state's gross product in 1986. For the entire Far West region (CA,NV,OR,WA,AK,HI), construction made up 4.6% of the region's economy. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| ALASKA | 12.0% | 14.6% | 14.0% | 11.8% | 10.1% |
| FAR WEST | 4.5 | 4.3 | 4.5 | 4.5 | 4.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN ALASKA

- In 1990, the value of nonresidential building permits issued for new construction increased 59.1 percent from 1989, to $62.9 million. Nonresidential remodeling and reconstruction work increased by 19.7 percent, to $48.6 million in 1990.

- Residential construction authorized by building permits increased 56.6 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN ALASKA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $49,520 | $84,382 | 70.0% |
| Two-Family Buildings | 4,642 | 7,045 | 51.8 |
| Three- and Four-Family Buildings | 8,543 | 9,143 | 7.0 |
| Five-or-more Family Buildings | 1,500 | 0 | -- |
| **Total Residential Buildings** | 64,205 | 100,570 | 56.6 |
| **Additions, Alterations, Residential** | 13,940 | 15,668 | 12.4 |
| | | | |
| Hotels, Motels | 11,638 | 7,736 | -33.5 |
| Other Nonhousekeeping | 0 | 882 | -- |
| Amusement, Social, Recreational | 1,882 | 739 | -60.7 |
| Churches | 1,427 | 4,594 | 221.9 |
| Industrial Buildings | 4,034 | 10,473 | 159.6 |
| Parking Garages | 0 | 0 | -- |
| Service Stations, Repair Garages | 906 | 686 | -24.3 |
| Hospitals, Institutional Buildings | 0 | 0 | -- |
| Office, Bank, Professional Buildings | 2,667 | 1,523 | -42.9 |
| Public Works, Utilities Buildings | 646 | 0 | -- |
| Schools, Educational Buildings | 855 | 330 | -61.4 |
| Stores, Customer Services | 10,678 | 31,748 | 197.3 |
| Other Nonresidential Buildings | 1,721 | 3,932 | 128.5 |
| Structures other than Buildings | 3,066 | 235 | -92.3 |
| **Total New Nonresidential** | 39,520 | 62,878 | 59.1 |
| **Nonresidential Additions, Alterations** | 40,616 | 48,613 | 19.7 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# ARIZONA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Arizona increased from 97,000 in 1984 to 113,100 in 1986, then declined to 85,900 in 1989.
- In December, 1990, the construction industry in Arizona employed 2,300 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 8.2% of total state employment in 1984. In 1989, construction accounted for 5.9% of the 1.5 million people employed in Arizona.

ARIZONA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 97,000 | 1,181,900 | 8.2% |
| 1985 | 112,100 | 1,278,600 | 8.8 |
| 1986 | 113,100 | 1,337,800 | 8.5 |
| 1987 | 103,200 | 1,385,800 | 7.4 |
| 1988 | 93,700 | 1,419,300 | 6.6 |
| 1989 | 85,900 | 1,457,200 | 5.9 |
| December, 1989 | 83,700 | 1,507,100 | 5.6 |
| December, 1990 | 81,400 | 1,549,500 | 5.3 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Phoenix | 64,200 | 57,900 | 54,200 |
| Tucson | 17,200 | 15,100 | 14,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## ARIZONA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Arizona was 5.3% (5.2% in 1989, 6.1% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 92,000 people were unemployed in the state. 89,000 people were unemployed in the state in 1989, including 12,000 construction workers.
- The **construction** unemployment rate in Arizona was 11.9% in 1989 (10.6% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON ARIZONA

- Each $1 spent on new construction in Arizona generates a total of $2.0866 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $41,732,000 increase in the state's economy ($20 million X the 2.0866 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Arizona creates 32.9 jobs. For example, a $20 million new construction project would create 658 jobs in the state in construction, supplier, and service industries ($20 X 32.9 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.6987. For example, a $20 million construction project would increase the total household earnings in the state by $13,974,000 ($20 million X $.6987). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF ARIZONA'S ECONOMY

- The total construction industry payroll in Arizona in 1989 was $1,863,958,000, 7.5 percent of the state's total private industry payroll.

- In Arizona, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 10.0% of the state's gross product in 1986. On average in the Southwest states (AZ,NM,OK,TX), construction grew from 5.9% in 1982 to 6.1% in 1984, then dropped back to 5.9% by 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| ARIZONA | 8.6% | 9.2% | 10.0% | 10.4% | 10.0% |
| SOUTHWEST | 5.9 | 6.0 | 6.1 | 6.0 | 5.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN ARIZONA

- In 1990, the value of nonresidential building permits issued for new construction dropped 23.2 percent from 1989, to $725 million. Nonresidential remodeling and reconstruction work increased 18.4 percent, to $409.6 million in 1990. Residential construction authorized by building permits increased 0.7 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN ARIZONA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,790,603 | $1,767,068 | -1.3% |
| Two-Family Buildings | 10,639 | 8,705 | -18.2 |
| Three- and Four-Family Buildings | 10,514 | 10,282 | -2.2 |
| Five-or-more Family Buildings | 127,625 | 166,888 | 30.8 |
| **Total Residential Buildings** | 1,939,381 | 1,952,943 | 0.7 |
| Additions, Alterations, Residential | 110,041 | 110,732 | 0.6 |
| | | | |
| Hotels, Motels | 66,907 | 58,498 | -12.6 |
| Other Nonhousekeeping | 1,492 | 1,219 | -18.3 |
| Amusement, Social, Recreational | 15,165 | 12,736 | -16.0 |
| Churches | 30,366 | 30,586 | 0.7 |
| Industrial Buildings | 103,932 | 116,872 | 12.5 |
| Parking Garages | 17,381 | 26,184 | 50.6 |
| Service Stations, Repair Garages | 11,652 | 8,651 | -25.8 |
| Hospitals, Institutional Buildings | 38,301 | 18,421 | -51.9 |
| Office, Bank, Professional Buildings | 243,624 | 126,191 | -48.4 |
| Public Works, Utilities Buildings | 11,591 | 3,855 | -66.7 |
| Schools, Educational Buildings | 26,069 | 26,659 | 2.2 |
| Stores, Customer Services | 300,961 | 239,282 | -20.5 |
| Other Nonresidential Buildings | 26,312 | 20,618 | -21.5 |
| Structures other than Buildings | 48,523 | 34,967 | -27.9 |
| Total New Nonresidential | 943,296 | 724,769 | -23.2 |
| Nonresidential Additions, Alterations | 346,059 | 409,618 | 18.4 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# ARKANSAS ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Arkansas stood at 32,500 in 1989.
- In December, 1990, the construction industry in Arkansas employed 600 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.3% of total state employment in 1984. In 1989, construction accounted for 3.6% of the 891,500 people employed in Arkansas.

ARKANSAS EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 33,700 | 780,200 | 4.3 |
| 1985 | 35,300 | 797,100 | 4.4 |
| 1986 | 36,200 | 813,800 | 4.4 |
| 1987 | 34,100 | 836,600 | 4.1 |
| 1988 | 33,300 | 865,400 | 3.8 |
| 1989 | 32,500 | 891,500 | 3.6 |
| December, 1989 | 33,100 | 906,000 | 3.7 |
| December, 1990 | 32,500 | 928,800 | 3.5 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Fayetteville-Springdale | 1,700 | 1,600 | 1,600 |
| Fort Smith MSA | 2,600 | 2,500 | 2,500 |
| Little Rock-North Little Rock | 10,000 | 9,600 | 9,800 |
| Pine Bluff | 1,500 | 1,500 | 1,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## ARKANSAS UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Arkansas was 6.9% (7.2% in 1989, 7.9% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 78,000 people were unemployed in the state. 82,000 people were unemployed in the state in 1989, including 7,000 construction workers.
- The **construction** unemployment rate in Arkansas was 14.3% in 1989 (10.6% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON ARKANSAS

- Each $1 spent on new construction in Arkansas generates a total of $2.3166 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $46,332,000 increase in the state's economy ($20 million X the 2.3166 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Arkansas creates 40.6 jobs. For example, a $20 million new construction project would create 812 jobs in the state in construction, supplier, and service industries ($20 X 40.6 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7287. For example, a $20 million construction project would increase the total household earnings in the state by $14,574,000 ($20 million X $.7287). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE ARKANSAS ECONOMY

- The total construction payroll in Arkansas in 1989 was $603,915,000, 4.8 percent of the state's total private industry payroll.

- In Arkansas, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 4.9% of the state's gross product in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| ARKANSAS | 4.7% | 4.5% | 4.6% | 4.8% | 4.9% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN ARKANSAS

- In 1990, the value of nonresidential building permits issued for new construction increased 30.6 percent from 1989, to $328.5 million. Nonresidential remodeling and reconstruction work increased 31.2 percent, to $149.9 million in 1990. Residential construction authorized by building permits increased 5.7 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN ARKANSAS (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $273,883 | $307,242 | 12.2% |
| Two-Family Buildings | 9,132 | 7,930 | -13.2 |
| Three- and Four-Family Buildings | 8,978 | 5,950 | -33.7 |
| Five-or-more Family Buildings | 25,565 | 14,393 | -43.7 |
| **Total Residential Buildings** | 317,558 | 335,515 | 5.7 |
| Additions, Alterations, Residential | 34,602 | 31,909 | -7.8 |
| | | | |
| Hotels, Motels | 11,035 | 4,741 | -57.0 |
| Other Nonhousekeeping | 5,104 | 952 | -81.3 |
| Amusement, Social, Recreational | 3,862 | 5,681 | 47.1 |
| Churches | 15,187 | 14,670 | -3.4 |
| Industrial Buildings | 59,955 | 68,628 | 14.5 |
| Parking Garages | 6,684 | 8,396 | 25.6 |
| Service Stations, Repair Garages | 2,967 | 3,668 | 23.6 |
| Hospitals, Institutional Buildings | 26,923 | 34,032 | 100.7 |
| Office, Bank, Professional Buildings | 24,459 | 55,836 | 128.3 |
| Public Works, Utilities Buildings | 1,884 | 1,758 | -6.7 |
| Schools, Educational Buildings | 7,153 | 12,030 | 68.2 |
| Stores, Customer Services | 66,565 | 79,813 | 19.9 |
| Other Nonresidential Buildings | 16,235 | 15,447 | -4.9 |
| Structures other than Buildings | 3,526 | 2,879 | -18.4 |
| **Total New Nonresidential** | 251,541 | 328,531 | 30.6 |
| Nonresidential Additions, Alterations | 114,256 | 149,885 | 31.2 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# CALIFORNIA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in California has increased rapidly from 445,200 in 1984 to 643,600 in 1989.
- In December, 1990, construction employment dropped to 624,200 from 663,300 one year earlier.
- Construction employment was 4.2% of total state employment in 1984. In 1989, construction accounted for 5.1% of the 12,521,500 people employed in California.

CALIFORNIA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 445,200 | 10,573,800 | 4.2 |
| 1985 | 496,200 | 10,979,100 | 4.5 |
| 1986 | 531,000 | 11,258,100 | 4.7 |
| 1987 | 574,600 | 11,678,500 | 4.9 |
| 1988 | 603,300 | 12,103,400 | 5.0 |
| 1989 | 643,600 | 12,521,500 | 5.1 |
| December, 1989 | 663,300 | 12,804,500 | 5.2 |
| December, 1990 | 624,200 | 12,919,800 | 4.8 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Anaheim-Santa Ana | 67,600 | 73,000 | 62,600 |
| Bakersfield | 11,000 | 10,700 | 11,100 |
| Fresno | 12,100 | 12,900 | 15,000 |
| Los Angeles-Long Beach | 146,800 | 153,700 | 152,900 |
| Modesto | 7,300 | 8,000 | 7,700 |
| Oakland | 51,100 | 53,100 | 54,500 |
| Oxnard-Ventura | 14,300 | 16,900 | 17,000 |
| Riverside-San Bernardino | 55,700 | 65,200 | 63,200 |
| Sacramento | 34,500 | 35,900 | 34,200 |
| San Diego | 57,400 | 63,300 | 60,900 |
| San Francisco | 33,500 | 34,500 | 35,500 |
| San Jose | 32,800 | 33,400 | 33,100 |
| Santa Barbara-Santa Maria-Lompoc | 6,400 | 6,900 | 7,000 |
| Santa Rosa-Petaluma | 9,300 | 10,700 | 10,600 |
| Stockton | 8,500 | 8,800 | 9,000 |
| Vallejo-Fairfield-Napa | 8,800 | 9,800 | 10,900 |

Bureau of Labor Statistics, U.S. Department of Labor

## CALIFORNIA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in California was 5.6% (5.1% in 1989, 5.2% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 823,000 people were unemployed in the state. 737,000 people were unemployed in the state in 1989, including 56,000 construction workers.
- The **construction** unemployment rate in California was 7.2% in 1989 (8.5% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON CALIFORNIA

- Each $1 spent on new construction in California generates a total of $2.4516 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $49,032,000 increase in the state's economy ($20 million X the 2.4516 multiplier). This total includes the original $20 million project.

- Each additional $1 million spent on new construction in California creates 29.2 jobs. For example, a $20 million new construction project would create 584 jobs in the state in construction, supplier, and service industries ($20 X 29.2 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7954. For example, a $20 million construction project would increase the total household earnings in the state by $15,908,000 ($20 million X $.7954). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased. Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF CALIFORNIA'S ECONOMY

- The total construction industry payroll in California in 1989 was $18,472,992,000, 6.8 percent of the state's total private industry payroll.

- In California, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 4.1% of the state's gross product in 1982 to 4.5% in 1986. California's economy was 12.6 percent of the U.S. GNP in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| CALIFORNIA | 4.1% | 4.0% | 4.3% | 4.3% | 4.5% |
| FAR WEST | 4.5 | 4.3 | 4.5 | 4.5 | 4.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN CALIFORNIA

- In 1990, the value of nonresidential building permits issued for new construction dropped 5.7 percent from 1989, to $7.9 billion. Nonresidential remodeling and reconstruction work increased 1.5 percent, to $4.267 billion in 1990. Residential construction authorized by building permits dropped 30.3 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN CALIFORNIA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $19,883,557 | $13,415,051 | -32.5% |
| Two-Family Buildings | 329,319 | 305,617 | -7.2 |
| Three- and Four-Family Buildings | 543,747 | 419,641 | -22.8 |
| Five-or-more Family Buildings | 3,857,225 | 3,018,162 | -21.8 |
| **Total Residential Buildings** | **24,613,848** | **17,158,471** | **-30.3** |
| **Additions, Alterations, Residential** | **2,887,990** | **3,031,245** | **5.0** |
| | | | |
| Hotels, Motels | 573,376 | 446,324 | -22.2 |
| Other Nonhousekeeping | 36,757 | 31,663 | -13.9 |
| Amusement, Social, Recreational | 208,923 | 181,285 | -13.2 |
| Churches | 126,385 | 127,416 | 0.8 |
| Industrial Buildings | 1,633,634 | 1,526,323 | -6.6 |
| Parking Garages | 429,619 | 496,475 | 15.6 |
| Service Stations, Repair Garages | 86,314 | 90,412 | 4.7 |
| Hospitals, Institutional Buildings | 52,806 | 135,532 | 156.7 |
| Office, Bank, Professional Buildings | 2,516,508 | 1,772,730 | -29.6 |
| Public Works, Utilities Buildings | 82,595 | 93,932 | 13.7 |
| Schools, Educational Buildings | 99,835 | 45,482 | -54.4 |
| Stores, Customer Services | 2,164,413 | 2,006,403 | -7.9 |
| Other Nonresidential Buildings | 335,889 | 394,543 | 17.5 |
| Structures other than Buildings | 613,223 | 527,771 | -13.9 |
| **Total New Nonresidential** | **8,350,061** | **7,876,651** | **-5.7** |
| **Nonresidential Additions, Alterations** | **4,205,892** | **4,267,527** | **1.5** |

PREPARED BY THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# COLORADO ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Colorado declined from 89,900 in 1984 to 58,500 in 1989.
- In December, 1990, the construction industry in Colorado employed 2,200 more workers than in December, 1989 (monthly data not seasonally adjusted).
- Construction employment was 6.4% of total state employment in 1984. In 1989, construction accounted for 4.0% of the more than 1.4 million people employed in Colorado.

COLORADO EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 89,900 | 1,402,300 | 6.4 |
| 1985 | 86,300 | 1,418,700 | 6.1 |
| 1986 | 77,600 | 1,408,300 | 5.5 |
| 1987 | 67,300 | 1,412,600 | 4.8 |
| 1988 | 60,400 | 1,436,100 | 4.2 |
| 1989 | 58,500 | 1,471,700 | 4.0 |
| December, 1989 | 55,800 | 1,493,100 | 3.7 |
| December, 1990 | 58,000 | 1,532,300 | 3.8 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Boulder-Longmont | 3,900 | 3,900 | 4,000 |
| Denver | 32,800 | 30,900 | 33,500 |

Bureau of Labor Statistics, U.S. Department of Labor

## COLORADO UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Colorado was 4.9% (5.9% in 1989, 6.5% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 87,000 people were unemployed in the state. 98,000 people were unemployed in the state in 1989, including 9,000 construction workers.
- The construction unemployment rate in Colorado was 12.2% in 1989 (19.1% in 1988). The national average construction unemployment rate increased to 11.1% in 1990 from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON COLORADO

- Each $1 spent on new construction in Colorado generates a total of $2.1933 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $43,866,000 increase in the state's economy ($20 million X the 2.1933 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Colorado creates 33.9 jobs. For example, a $20 million new construction project would create 678 jobs in the state in construction, supplier, and service industries ($20 X 33.9 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.7259. For example, a $20 million construction project would increase the total household earnings in the state by $14,518,000.

($20 million X $.7259). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF COLORADO'S ECONOMY

- The total construction industry payroll in Colorado in 1989 was $1,420,746,000, 5.5 percent of the state's total private industry payroll.

- In Colorado, construction (including homebuilding, nonresidential building and nonbuilding work) dropped from 6.9% of the state's gross product in 1982 to 5.9% in 1986. Construction in the Rocky Mountain Region (CO,ID,MT,UT,WY) has declined from 7.3% of the region's economy to 6.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| COLORADO | 6.9% | 6.8% | 6.7% | 6.3% | 5.9% |
| ROCKY MOUNTAIN REGION | 7.3 | 6.7 | 6.7 | 6.7 | 6.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN COLORADO

- In 1990, the value of nonresidential building permits issued for new construction dropped 48.1 percent from 1989, to $277 million. Nonresidential remodeling and reconstruction work increased 0.5 percent, to $371 million in 1990. Residential construction authorized by building permits increased 19.5 percent in 1990 to $1.26 billion.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN COLORADO (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $949,238 | $1,169,745 | 23.2% |
| Two-Family Buildings | 14,545 | 13,314 | -8.5 |
| Three- and Four-Family Buildings | 19,090 | 25,836 | 35.3 |
| Five-or-more Family Buildings | 74,325 | 54,016 | -27.3 |
| **Total Residential Buildings** | 1,057,198 | 1,262,911 | 19.5 |
| Additions, Alterations, Residential | 137,591 | 138,340 | 0.5 |
| | | | |
| Hotels, Motels | 54,309 | 40,028 | -26.3 |
| Other Nonhousekeeping | 1,078 | 450 | -58.3 |
| Amusement, Social, Recreational | 5,253 | 23,448 | 346.4 |
| Churches | 5,647 | 12,368 | 119.4 |
| Industrial Buildings | 112,439 | 48,238 | -57.1 |
| Parking Garages | 4,128 | 1,077 | -73.9 |
| Service Stations, Repair Garages | 5,794 | 5,392 | -6.9 |
| Hospitals, Institutional Buildings | 79,598 | 13,559 | -83.0 |
| Office, Bank, Professional Buildings | 107,876 | 40,783 | -62.2 |
| Public Works, Utilities Buildings | 6,760 | 3,728 | -44.9 |
| Schools, Educational Buildings | 4,001 | 4,323 | 8.0 |
| Stores, Customer Services | 112,144 | 58,661 | -47.7 |
| Other Nonresidential Buildings | 23,418 | 17,277 | -26.2 |
| Structures other than Buildings | 11,335 | 7,918 | -30.1 |
| **Total New Nonresidential** | 533,788 | 277,275 | -48.1 |
| Nonresidential Additions, Alterations | 368,822 | 370,531 | 0.5 |

PREPARED BY THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# CONNECTICUT ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Connecticut steadily increased from 60,800 in 1984 to 81,300 in 1988, then declined to 76,300 in 1989.
- As of December, 1990, the construction industry in Connecticut employed 8,200 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.0% of total state employment in 1984. In 1989, construction accounted for 4.5% of the almost 1.7 million people employed in Connecticut.

CONNECTICUT EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 60,800 | 1,520,500 | 4.0 |
| 1985 | 65,600 | 1,562,300 | 4.2 |
| 1986 | 71,300 | 1,604,200 | 4.4 |
| 1987 | 78,000 | 1,644,700 | 4.7 |
| 1988 | 81,300 | 1,674,900 | 4.9 |
| 1989 | 76,300 | 1,679,900 | 4.5 |
| December, 1989 | 71,900 | 1,701,600 | 4.2 |
| December, 1990 | 63,700 | 1,681,800 | 3.8 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Bridgeport-Milford | 9,200 | 8,600 | 7,700 |
| Hartford | 21,100 | 20,500 | 17,600 |
| New Britain | 4,500 | 5,200 | 3,400 |
| New Haven-Meriden | 13,900 | 12,700 | 9,300 |
| Stamford | 5,900 | 5,200 | 4,700 |
| Waterbury | 4,600 | 4,300 | 4,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## CONNECTICUT UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Connecticut was 5.1% (3.7% in 1989, 2.9% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 91,000 people were unemployed in the state. 64,000 people were unemployed in the state in 1989, including 8,000 construction workers.
- The **construction** unemployment rate in Connecticut was 8.0% in 1989 (6.8% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON CONNECTICUT

- Each $1 spent on new construction in Connecticut generates a total of $2.1710 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $43,420,000 increase in the state's economy ($20 million X the 2.1710 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Connecticut creates 25.7 jobs. For example, a $20 million new construction project would create 514 jobs in the state in construction, supplier, and service industries ($20 X 25.7 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7280. For example, a $20 million construction project would increase the total household earnings in the state by $14,560,000 ($20 million X $.7280). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF CONNECTICUT'S ECONOMY

- The total construction industry payroll in Connecticut in 1989 was $2,470,312,000, 6.2 percent of the state's total private industry payroll.

- In Connecticut, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 3.5% of the state's gross product in 1982 to 4.2% in 1986. On average in the New England states (CT,ME,MA,NH,RI,VT), construction grew from 3.9% in 1982 to 4.8% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| CONNECTICUT | 3.5% | 3.9% | 4.1% | 4.1% | 4.2% |
| NEW ENGLAND | 3.9 | 4.1 | 4.3 | 4.5 | 4.8 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN CONNECTICUT

- In 1990, the value of nonresidential building permits issued for new construction dropped 53.0 percent from 1989, to $338.7 million. Nonresidential remodeling and reconstruction work decreased slightly, 1.6 percent, to $482.6 million in 1990. Residential construction authorized by building permits dropped 26.6 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN CONNECTICUT (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $770,421 | $568,760 | -26.2% |
| Two-Family Buildings | 21,749 | 12,001 | -44.8 |
| Three- and Four-Family Buildings | 6,976 | 6,064 | -13.1 |
| Five-or-more Family Buildings | 103,193 | 75,257 | -27.1 |
| **Total Residential Buildings** | **902,339** | **662,082** | **-26.6** |
| **Additions, Alterations, Residential** | **439,382** | **344,040** | **-21.7** |
| Hotels, Motels | 29,136 | 6,685 | -77.1 |
| Other Nonhousekeeping | 11,390 | 426 | -96.3 |
| Amusement, Social, Recreational | 17,530 | 38,841 | 121.6 |
| Churches | 2,895 | 3,835 | 32.9 |
| Industrial Buildings | 117,629 | 38,849 | -67.0 |
| Parking Garages | 32,629 | 22,872 | -29.9 |
| Service Stations, Repair Garages | 6,526 | 4,655 | -28.7 |
| Hospitals, Institutional Buildings | 24,000 | 22,229 | -7.4 |
| Office, Bank, Professional Buildings | 224,034 | 74,030 | -66.9 |
| Public Works, Utilities Buildings | 13,278 | 13,236 | -0.3 |
| Schools, Educational Buildings | 28,761 | 20,706 | -28.1 |
| Stores, Customer Services | 136,070 | 69,713 | -49.5 |
| Other Nonresidential Buildings | 42,569 | 28,799 | -32.3 |
| Structures other than Buildings | 30,511 | 20,457 | -33.0 |
| **Total New Nonresidential** | **721,258** | **338,652** | **-53.0** |
| Nonresidential Additions, Alterations | 490,238 | 482,559 | -1.6 |

PREPARED BY: THE BEAN TRUST - ARLINGTON, VA

Bureau of the Census

# DELAWARE ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Delaware increased from 16,900 in 1984 to 21,700 in 1988, then declined to 20,400 in 1989.
- Construction employment was 5.9% of total state employment of 343,400 in 1989.
- In December, 1990, the construction industry in Delaware employed 300 fewer workers than one year earlier.

DELAWARE EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 16,900 | 280,000 | 6.0 |
| 1985 | 17,600 | 293,400 | 6.0 |
| 1986 | 18,900 | 303,200 | 6.2 |
| 1987 | 20,200 | 320,700 | 6.3 |
| 1988 | 21,700 | 334,200 | 6.5 |
| 1989 | 20,400 | 343,400 | 5.9 |
| December, 1989 | 19,300 | 346,900 | 5.6 |
| December, 1990 | 19,000 | 346,600 | 5.5 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December,1990* |
|---|---|---|---|
| Wilmington, DE-MD-NJ | 19,300 | 18,400 | 17,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## DELAWARE UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Delaware was 5.1% (3.5% in 1989, 3.4% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 19,000 people were unemployed in the state. 13,000 people were unemployed in the state in 1989, including 2,000 construction workers.
- The construction unemployment rate in Delaware was 7.1% in 1989 (5.4% in 1988). The national average construction unemployment rate increased to 11.1% in 1990 from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON DELAWARE

- Each $1 spent on new construction in Delaware generates a total of $1.9032 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $38,064,000 increase in the state's economy ($20 million X the 1.9032 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Delaware creates 25.5 jobs. For example, a $20 million new construction project would create 510 jobs in the state in construction, supplier, and service industries ($20 X 25.5 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.6100. For example, a $20 million construction project would increase the total household earnings in the state by $12,200,000 ($20 million X $.6100). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF DELAWARE'S ECONOMY

- The total construction industry payroll in Delaware in 1989 was $478,777,000, 7.0 percent of the state's total private industry payroll.

- In Delaware, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 4.8% of the state's gross product in 1986. On average in the Mideast states (DE,DC,MD,NJ,NY,PA), construction grew from 3.9% in 1982 to 4.5% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| DELAWARE | 5.2% | 4.8% | 4.7% | 4.7% | 4.8% |
| MIDEAST | 3.9 | 3.9 | 4.1 | 4.3 | 4.5 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN DELAWARE

- In 1990, the value of nonresidential building permits issued for new construction dropped 4.6 percent from 1989, to $199.9 million. Nonresidential remodeling and reconstruction work increased 10.8 percent, to $128.4 million in 1990. Residential construction authorized by building permits dropped 16.5 percent in '990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN DELAWARE (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $296,554 | $247,352 | -16.6% |
| Two-Family Buildings | 1,383 | 2,592 | 87.4 |
| Three- and Four-Family Buildings | 4,364 | 246 | -94.4 |
| Five-or-more Family Buildings | 28,509 | 25,895 | -9.2 |
| **Total Residential Buildings** | 330,810 | 276,085 | -16.5 |
| Additions, Alterations, Residential | 55,511 | 54,630 | -1.6 |
| Hotels, Motels | 12,975 | 4,898 | -62.3 |
| Other Nonhousekeeping | 0 | 7,120 | — |
| Amusement, Social, Recreational | 4,733 | 1,473 | -68.9 |
| Churches | 2,580 | 1,678 | -35.2 |
| Industrial Buildings | 16,134 | 12,459 | -22.8 |
| Parking Garages | 0 | 0 | — |
| Service Stations, Repair Garages | 2,221 | 509 | -77.1 |
| Hospitals, Institutional Buildings | 8,500 | 5,000 | -41.2 |
| Office, Bank, Professional Buildings | 53,043 | 63,031 | 18.8 |
| Public Works, Utilities Buildings | 648 | 593 | -30.1 |
| Schools, Educational Buildings | 6,379 | 9,468 | 48.7 |
| Stores, Customer Services | 84,476 | 72,492 | -14.2 |
| Other Nonresidential Buildings | 13,602 | 16,681 | 22.6 |
| Structures other than Buildings | 4,063 | 4,462 | 12.0 |
| Total New Nonresidential | 209,502 | 199,904 | -4.6 |
| Nonresidential Additions, Alterations | 115,943 | 128,412 | 10.8 |

PREPARED BY THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# DISTRICT OF COLUMBIA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in the District of Columbia increased from 11,500 in 1984 to 14,700 in 1987, then declined to 14,300 in 1989.
- Construction employment was 2.1% of total District employment in 1989.
- In December, 1990, the construction industry in the District of Columbia employed 13,900, 300 fewer workers than in the same month one year earlier.

**DISTRICT OF COLUMBIA EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 11,500 | 613,800 | 1.9 |
| 1985 | 13,600 | 629,000 | 2.2 |
| 1986 | 14,100 | 640,100 | 2.2 |
| 1987 | 14,700 | 655,600 | 2.2 |
| 1988 | 14,000 | 673,600 | 2.1 |
| 1989 | 14,300 | 682,500 | 2.1 |
| December, 1989 | 14,200 | 693,100 | 2.0 |
| December, 1990 | 13,900 | 687,800 | 2.0 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| District of Columbia | 14,000 | 14,300 | 13,900 |
| Washington, MSA, DC-MD-VA | 141,400 | 148,500 | 129,400 |

Bureau of Labor Statistics, U.S. Department of Labor

## DISTRICT OF COLUMBIA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in the District was 6.6% (5.0% in 1989, 5.8% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 20,000 people were unemployed in the state. 16,000 people were unemployed in the District in 1989, including 1,000 construction workers.
- The **construction** unemployment rate in the District was 10.0% in 1989 (13.4% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON THE DISTRICT

- Each $1 spent on new construction in the District of Columbia generates a total of $1.2059 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the District's economy. For example, a $20 million project would result in a $24,118,000 increase in the District's economy ($20 million X the 1.2059 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in the District creates 5.4 jobs. For example, a $20 million new construction project would create 108 jobs in the District in construction, supplier, and service industries ($20 X 5.4 jobs/million).

- For each $1 of new construction, the earnings of households in the District is increased by $.1627. For example, a $20 million construction project would increase the total household earnings in the District by $3,254,000 ($20 million X $.1627). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the District is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE DISTRICT OF COLUMBIA'S ECONOMY

- The total construction industry payroll in the District of Columbia in 1989 was $408,820,000, 3.5 percent of the District's total private industry payroll.

- In the District of Columbia, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 6.9% of the District's gross product in 1986. On average in the Mideast states (DE,DC,MD,NJ,NY,PA), construction grew from 3.9% in 1982 to 4.5% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| DISTRICT OF COLUMBIA | 6.4% | 5.9% | 6.2% | 6.4% | 6.9% |
| MIDEAST | 3.9 | 3.9 | 4.1 | 4.3 | 4.5 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN THE DISTRICT OF COLUMBIA

- In 1990, the value of nonresidential building permits issued for new construction dropped 51 percent from 1989. Nonresidential remodeling and reconstruction work increased 67.6 percent in 1990, while residential construction authorized by building permits increased 22.5 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN THE DISTRICT OF COLUMBIA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $6,745 | $14,212 | 110.7% |
| Two-Family Buildings | 721 | 1,092 | 51.5 |
| Three- and Four-Family Buildings | 0 | 0 | -- |
| Five-or-more Family Buildings | 9,511 | 5,497 | -42.2 |
| **Total Residential Buildings** | 16,977 | 20,801 | 22.5 |
| **Additions, Alterations, Residential** | 30,380 | 19,601 | -35.5 |
| | | | |
| Hotels, Motels | 0 | 0 | -- |
| Other Nonhousekeeping | 0 | 0 | -- |
| Amusement, Social, Recreational | 0 | 0 | -- |
| Churches | 411 | 387 | -5.8 |
| Industrial Buildings | 0 | 0 | -- |
| Parking Garages | 0 | 0 | -- |
| Service Stations, Repair Garages | 1,170 | 1,539 | 31.5 |
| Hospitals, Institutional Buildings | 0 | 0 | -- |
| Office, Bank, Professional Buildings | 25,654 | 8,153 | -68.2 |
| Public Works, Utilities Buildings | 512 | 780 | 52.3 |
| Schools, Educational Buildings | 0 | 0 | -- |
| Stores, Customer Services | 6,824 | 5,438 | -20.3 |
| Other Nonresidential Buildings | 1,179 | 954 | -19.1 |
| Structures other than Buildings | 3,813 | 2,126 | -44.2 |
| Total New Nonresidential | 39,563 | 19,377 | -51.0 |
| Nonresidential Additions, Alterations | 30,380 | 50,929 | 67.6 |

PREPARED BY: THE BRAIS TRUST, ARLINGTON, VA

Bureau of the Census

# FLORIDA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Florida increased from 318,400 in 1984 to 346,300 in 1988, then declined to 341,100 in 1989. In December, 1990, the construction industry in Florida employed 42,600 fewer workers than one year earlier (monthly data not seasonally adjusted).

- Construction employment was 6.5% of total state employment of 5.3 million in 1989.

FLORIDA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 318,400 | 4,208,700 | 7.6 |
| 1985 | 334,300 | 4,410,000 | 7.6 |
| 1986 | 339,500 | 4,599,400 | 7.4 |
| 1987 | 341,500 | 4,848,100 | 7.0 |
| 1988 | 346,300 | 5,066,600 | 6.8 |
| 1989 | 341,100 | 5,276,000 | 6.5 |
| December, 1989 | 343,000 | 5,441,600 | 6.3 |
| December, 1990 | 300,400 | 5,541,600 | 5.4 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Daytona Beach | 8,300 | 8,100 | 7,400 |
| Ft. Lauderdale-Hollywood-Pompano | 36,200 | 35,000 | 34,900 |
| Fort Myers-Cape Coral | 12,700 | 13,400 | 12,100 |
| Gainesville | 4,300 | 4,500 | 3,900 |
| Jacksonville | 27,200 | 27,000 | 25,600 |
| Lakeland-Winter Haven | 8,800 | 9,000 | 8,400 |
| Melbourne-Titusville-Palm Bay | 9,700 | 9,500 | 8,900 |
| Miami-Hialeah | 41,300 | 40,200 | 39,600 |
| Orlando | 37,000 | 37,100 | 36,300 |
| Pensacola | 8,200 | 8,100 | 7,900 |
| Sarasota | 10,100 | 10,300 | 9,800 |
| Tallahassee | 5,800 | 6,000 | 5,800 |
| Tampa-St. Petersburg-Clearwater | 57,300 | 54,100 | 54,300 |
| West Palm Beach-Boca Raton-Delray | 29,700 | 28,800 | 26,300 |

Bureau of Labor Statistics, U.S. Department of Labor

## FLORIDA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Florida was 5.9% (5.6% in 1989, 4.9% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).

- In 1990, 378,000 people were unemployed in the state. 348,000 people were unemployed in the state in 1989, including 34,000 construction workers.

- The **construction** unemployment rate in Florida was 7.9% in 1989 (5.5% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON FLORIDA

- Each $1 spent on new construction in Florida generates a total of $2.1061 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $42,122,000 increase in the state's economy ($20 million X the 2.1061 multiplier). This total includes the original $20 million project.

- Each additional $1 million spent on new construction in Florida creates 35.3 jobs. For example, a $20 million new construction project would create 706 jobs in the state in construction, supplier, and service industries ($20 X 35.3 jobs million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7120. For example, a $20 million construction project would increase the total household earnings in the state by $14,240,000 ($20 million X $.7120). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased. Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF FLORIDA'S ECONOMY

- The total construction industry payroll in Florida in 1989 was $7,120,789,000, 8.1 percent of the state's total private industry payroll.

- In Florida, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 7.3% of the state's gross product in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| FLORIDA | 7.3% | 7.0% | 7.5% | 7.4% | 7.3% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN FLORIDA

- In 1990, the value of nonresidential building permits issued for new construction dropped 24.4 percent from 1989, to $3.0 billion. Nonresidential remodeling and reconstruction work increased 4.4 percent, to $1.7 billion in 1990. Residential construction authorized by building permits dropped 19.5 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN FLORIDA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $7,965,635 | $6,536,717 | -17.9% |
| Two-Family Buildings | 155,690 | 104,935 | -32.6 |
| Three- and Four-Family Buildings | 191,234 | 102,405 | -46.5 |
| Five-or-more Family Buildings | 2,121,613 | 1,658,773 | -21.8 |
| **Total Residential Buildings** | 10,434,172 | 8,402,830 | -19.5 |
| **Additions, Alterations, Residential** | 883,225 | 830,781 | -5.9 |
| | | | |
| Hotels, Motels | 355,358 | 177,711 | -50.0 |
| Other Nonhousekeeping | 21,005 | 10,105 | -51.9 |
| Amusement, Social, Recreational | 214,184 | 188,606 | -11.9 |
| Churches | 112,629 | 98,664 | -12.4 |
| Industrial Buildings | 337,283 | 173,916 | -48.4 |
| Parking Garages | 40,338 | 27,027 | -33.0 |
| Service Stations, Repair Garages | 45,846 | 25,755 | -43.8 |
| Hospitals, Institutional Buildings | 154,510 | 192,357 | 24.5 |
| Office, Bank, Professional Buildings | 807,322 | 541,599 | -32.9 |
| Public Works, Utilities Buildings | 63,041 | 35,182 | -44.2 |
| Schools, Educational Buildings | 69,824 | 40,481 | -42.0 |
| Stores, Customer Services | 1,232,728 | 896,358 | -27.3 |
| Other Nonresidential Buildings | 130,713 | 211,933 | 62.1 |
| Structures other than Buildings | 401,329 | 392,862 | -2.1 |
| **Total New Nonresidential** | 3,986,101 | 3,012,556 | -24.4 |
| Nonresidential Additions, Alterations | 1,660,685 | 1,733,524 | 4.4 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# GEORGIA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Annual average construction employment in Georgia declined to 146,500 in 1989.
- As of December, 1990, the construction industry in Georgia employed 10,900 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 5.4% of total state employment in 1984. In 1989, construction accounted for 5.0% of the over 2.9 million people employed in Georgia.

GEORGIA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 131,500 | 2,448,700 | 5.4 |
| 1985 | 143,800 | 2,569,800 | 5.6 |
| 1986 | 151,900 | 2,672,400 | 5.7 |
| 1987 | 151,500 | 2,763,300 | 5.5 |
| 1988 | 149,800 | 2,879,100 | 5.2 |
| 1989 | 146,500 | 2,945,400 | 5.0 |
| December, 1989 | 148,700 | 3,014,100 | 4.9 |
| December, 1990 | 137,800 | 3,013,700 | 4.6 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Albany | 2,400 | 2,200 | 2,300 |
| Athens | 2,500 | 2,700 | 2,700 |
| Atlanta | 71,100 | 68,100 | 63,600 |
| Augusta,GA-SC | 12,700 | 14,700 | 15,100 |
| Columbus,GA-AL | 5,100 | 4,700 | 4,300 |
| Macon-Warner Robins | 5,000 | 5,000 | 4,700 |
| Savannah | 6,500 | 7,600 | 7,700 |

Bureau of Labor Statistics, U.S. Department of Labor

## GEORGIA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Georgia was 5.4% (5.5% in 1989) as compared to the national average rate of 5.5% (5.3% in 1989).
- In 1990, 175,000 people were unemployed in the state. 177,000 people were unemployed in the state in 1989, including 9,000 construction workers.
- The **construction** unemployment rate in Georgia was 5.5% in 1989. The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON GEORGIA

- Each $1 spent on new construction in Georgia generates a total of $2.4854 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $49,708,000 increase in the state's economy ($20 million X the 2.4686 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Georgia creates 37.2 jobs. For example, a $20 million new construction project would create 744 jobs in the state in construction, supplier, and service industries ($20 X 37.2 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7947. For example, a $20 million construction project would increase the total household earnings in the state by $15,894,000 ($20 million X $.7947). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased. Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF GEORGIA'S ECONOMY

- The total construction industry payroll in Georgia in 1989 was $3,094,774,000, 6.1 percent of the state's total private industry payroll.

- In Georgia, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 5.4% of the state's gross product in 1986. Over the same five years, U.S. construction increased from 4.5% of gross product in 1982 to 4.7% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| **GEORGIA** | **4.6%** | **4.5%** | **5.0%** | **5.2%** | **5.4%** |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN GEORGIA

- In 1990, the value of nonresidential building permits issued for new construction dropped 18.2 percent from 1989, to $1.5 billion. Nonresidential remodeling and reconstruction work dropped only slightly, .9 percent, to $772.7 million in 1990. Residential construction authorized by building permits dropped 13.5 percent in 1990.

- The largest percentage drop was in hotel and motel construction, a 72.7 percent decline from $185 million in 1989 to $50.6 million in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN GEORGIA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $2,640,386 | $2,429,513 | -8.0% |
| Two-Family Buildings | 42,813 | 31,902 | -25.5 |
| Three- and Four-Family Buildings | 13,213 | 12,373 | -6.4 |
| Five-or-more Family Buildings | 441,243 | 241,840 | -45.2 |
| **Total Residential Buildings** | **3,137,655** | **2,715,628** | **-13.5** |
| **Additions, Alterations, Residential** | **224,899** | **205,087** | **-8.8** |
| | | | |
| Hotels, Motels | 184,964 | 50,578 | -72.7 |
| Other Nonhousekeeping | 4,216 | 2,170 | -48.5 |
| Amusement, Social, Recreational | 46,509 | 38,841 | -16.5 |
| Churches | 72,334 | 68,500 | -5.3 |
| Industrial Buildings | 314,514 | 185,572 | -41.0 |
| Parking Garages | 78,579 | 46,917 | -40.3 |
| Service Stations, Repair Garages | 24,494 | 18,529 | -24.4 |
| Hospitals, Institutional Buildings | 48,171 | 36,445 | -24.3 |
| Office, Bank, Professional Buildings | 413,821 | 367,028 | -11.3 |
| Public Works, Utilities Buildings | 13,553 | 28,001 | 106.6 |
| Schools, Educational Buildings | 43,903 | 34,302 | -21.9 |
| Stores, Customer Services | 446,627 | 472,321 | 5.8 |
| Other Nonresidential Buildings | 63,996 | 80,949 | 26.5 |
| Structures other than Buildings | 44,757 | 42,045 | -6.1 |
| **Total New Nonresidential** | **1,800,438** | **1,472,198** | **-18.2** |
| **Nonresidential Additions, Alterations** | **779,761** | **772,744** | **-0.9** |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# HAWAII ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Hawaii has increased from 15,800 in 1984 to 29,200 in 1989.
- In December, 1990, the construction industry in Hawaii employed 700 fewer workers than in December, 1989 (monthly data not seasonally adjusted).
- Construction employment was 3.8% of total state employment in 1984. In 1989, construction accounted for 5.8% of the 504,800 people employed in Hawaii.

HAWAII EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 15,800 | 412,700 | 3.8 |
| 1985 | 17,200 | 425,700 | 4.0 |
| 1986 | 18,600 | 438,600 | 4.2 |
| 1987 | 21,200 | 460,000 | 4.6 |
| 1988 | 23,400 | 478,100 | 4.9 |
| 1989 | 29,200 | 504,800 | 5.8 |
| December, 1989 | 30,800 | 518,000 | 5.9 |
| December, 1990 | 30,100 | 530,000 | 5.7 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Honolulu | 18,400 | 22,500 | 22,400 |

Bureau of Labor Statistics, U.S. Department of Labor

## HAWAII UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Hawaii was 2.8% (2.6% in 1989, 3.6% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 15,000 people were unemployed in the state. 13,000 people were unemployed in the state in 1989, including 2,000 construction workers.
- The **construction** unemployment rate in Hawaii was 4.7% in 1989 (9.5% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON HAWAII

- Each $1 spent on new construction in Hawaii generates a total of $1.8201 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $36,402,000 increase in the state's economy ($20 million X the 1.8201 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Hawaii creates 22.6 jobs. For example, a $20 million new construction project would create 452 jobs in the state in construction, supplier, and service industries ($20 X 22.6 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.6218. For example, a $20 million construction project would increase the total household earnings in the state by $12,436,000

($20 million X $.6218). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF HAWAII'S ECONOMY

- The total construction industry payroll in Hawaii in 1989 was $976,340,000, 11.4 percent of the state's total private industry payroll.

- In Hawaii, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 6.1% of the state's gross product in 1986. For the entire Far West region (CA,NV,OR,WA,AK,HI), construction comprises 4.6% of the economy. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| HAWAII | 6.3% | 6.4% | 5.7% | 5.8% | 6.1% |
| FAR WEST | 4.5 | 4.3 | 4.5 | 4.5 | 4.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN HAWAII

- In 1990, the value of nonresidential building permits issued for new construction increased 15.8 percent from 1989, to $573 million. Nonresidential remodeling and reconstruction work dropped 10.1 percent, to $224 million in 1990. Residential construction authorized by building permits increased 5.1 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN HAWAII (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $574,872 | $633,269 | 10.2% |
| Two-Family Buildings | 24,945 | 34,926 | 40.2 |
| Three- and Four-Family Buildings | 16,781 | 35,290 | 110.3 |
| Five-or-more Family Buildings | 272,126 | 230,248 | -15.4 |
| **Total Residential Buildings** | 888,724 | 933,733 | 5.1 |
| **Additions, Alterations, Residential** | 148,465 | 154,390 | 4.0 |
| | | | |
| Hotels, Motels | 88,223 | 149,928 | 69.9 |
| Other Nonhousekeeping | 1,426 | 2,354 | 65.1 |
| Amusement, Social, Recreational | 26,368 | 50,116 | 90.1 |
| Churches | 3,046 | 2,295 | -24.7 |
| Industrial Buildings | 10,760 | 22,056 | 105.0 |
| Parking Garages | 7,052 | 4,779 | -32.2 |
| Service Stations, Repair Garages | 1,731 | 3,296 | 90.4 |
| Hospitals, Institutional Buildings | 1,400 | 680 | -51.4 |
| Office, Bank, Professional Buildings | 145,598 | 80,949 | -44.4 |
| Public Works, Utilities Buildings | 19,192 | 5,257 | -72.6 |
| Schools, Educational Buildings | 15,863 | 7,296 | -54.0 |
| Stores, Customer Services | 89,589 | 150,824 | 68.4 |
| Other Nonresidential Buildings | 31,349 | 18,660 | -40.5 |
| Structures other than Buildings | 53,310 | 74,826 | 40.4 |
| **Total New Nonresidential** | 494,907 | 573,316 | 15.8 |
| Nonresidential Additions, Alterations | 249,211 | 223,978 | -10.1 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# IDAHO ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Idaho reached 16,000 in 1989.
- In December, 1990, the construction industry in Idaho employed 2,200 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.4% of total state employment in 1984, dropped to 4.1% of employment in 1987 and 1988, then recovered to 4.4 percent of total state employment in 1989.

IDAHO EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 14,600 | 330,500 | 4.4 |
| 1985 | 15,100 | 336,000 | 4.5 |
| 1986 | 14,600 | 328,200 | 4.4 |
| 1987 | 13,600 | 333,400 | 4.1 |
| 1988 | 14,200 | 348,500 | 4.1 |
| 1989 | 16,000 | 367,400 | 4.4 |
| December, 1989 | 17,000 | 380,100 | 4.5 |
| December, 1990 | 19,200 | 393,600 | 4.9 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| *Boise* | *4,800* | *5,600* | *6,300* |

Bureau of Labor Statistics, U.S. Department of Labor

## IDAHO UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Idaho was 5.8% (5.1% in 1989, 6.2% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 29,000 people were unemployed in the state. 25,000 people were unemployed in the state in 1989, including 3,000 construction workers.
- The **construction** unemployment rate in Idaho was 12.9% in 1989 (13.6% in 1988. The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON IDAHO

- Each $1 spent on new construction in Idaho generates a total of $1.9788 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $39,576,000 increase in the state's economy ($20 million X the 1.9788 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Idaho creates 33.0 jobs. For example, a $20 million new construction project would create 660 jobs in the state in construction, supplier, and service industries ($20 X 33.0 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.6627. For example, a $20 million construction project would increase the total household earnings in the state by $13,254,000.

($20 million X $.6627). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF IDAHO'S ECONOMY

- The total construction industry payroll in Idaho in 1989 was $357,045,000, 6.8 percent of the state's total private industry payroll.

- In Idaho, construction (including homebuilding, nonresidential building and nonbuilding work) has drifted downward from 3.7% of the state's gross product in 1982 to 3.3% in 1986. Construction in the Rocky Mountain Region (CO,ID,MT,UT,WY) has declined from 7.3% of the region's economy to 6.3% in 1986.This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| IDAHO | 3.7% | 3.2% | 3.4% | 3.3% | 3.3% |
| ROCKY MOUNTAIN REGION | 7.3 | 6.7 | 6.7 | 6.7 | 6.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN IDAHO

- In 1990, the value of nonresidential building permits issued for new construction increased 18.3 percent from 1989, to $183 million. Nonresidential remodeling and reconstruction work increased 15.7 percent to $90 million in 1990.

- Residential construction authorized by building permits increased 22.4 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN IDAHO (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $308,143 | $381,888 | 23.9% |
| Two-Family Buildings | 4,030 | 10,274 | 154.9 |
| Three- and Four-Family Buildings | 6,075 | 8,912 | 46.7 |
| Five-or-more Family Buildings | 24,246 | 18,117 | -25.3 |
| **Total Residential Buildings** | 342,494 | 419,191 | 22.4 |
| **Additions, Alterations, Residential** | 39,179 | 41,146 | 5.0 |
| | | | |
| Hotels, Motels | 9,495 | 10,555 | 11.2 |
| Other Nonhousekeeping | 743 | 510 | -31.4 |
| Amusement, Social, Recreational | 6,303 | 5,948 | -5.6 |
| Churches | 3,952 | 7,396 | 87.1 |
| Industrial Buildings | 19,024 | 40,551 | 113.2 |
| Parking Garages | 57 | 27 | -52.6 |
| Service Stations, Repair Garages | 2,013 | 2,357 | 17.1 |
| Hospitals, Institutional Buildings | 1,403 | 1,846 | 31.6 |
| Office, Bank, Professional Buildings | 34,639 | 39,647 | 14.5 |
| Public Works, Utilities Buildings | 455 | 3,094 | 580.0 |
| Schools, Educational Buildings | 350 | 1,916 | 447.4 |
| Stores, Customer Services | 52,404 | 38,035 | -27.4 |
| Other Nonresidential Buildings | 21,473 | 27,576 | 28.4 |
| Structures other than Buildings | 2,318 | 3,511 | 51.5 |
| **Total New Nonresidential** | 154,629 | 182,969 | 18.3 |
| **Nonresidential Additions, Alterations** | 77,554 | 89,695 | 15.7 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# ILLINOIS ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Illinois increased steadily from 154,700 in 1984 to 209,500 in 1989.
- In December, 1990, the construction industry in Illinois employed 700 more employees than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.3% of total state employment in 1984. In 1989, construction accounted for 4.0% of the almost 5.2 million people employed in Illinois.

**ILLINOIS EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 154,700 | 4,672,300 | 3.3 |
| 1985 | 171,600 | 4,755,300 | 3.6 |
| 1986 | 181,300 | 4,790,700 | 3.8 |
| 1987 | 196,200 | 4,928,300 | 4.0 |
| 1988 | 204,700 | 5,097,500 | 4.0 |
| 1989 | 209,500 | 5,178,900 | 4.0 |
| December, 1989 | 204,300 | 5,219,500 | 3.9 |
| December, 1990 | 205,000 | 5,249,400 | 3.9 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Aurora-Elgin | 7,300 | 7,500 | 8,100 |
| Bloomington-Normal | 1,700 | 2,600 | 2,300 |
| Champaign-Urbana-Rantoul | 2,900 | 2,500 | 2,500 |
| Chicago | 124,700 | 128,800 | 125,800 |
| Davenport-Rock Island-Moline IA | 5,000 | 5,400 | 4,900 |
| Decatur | 2,800 | 3,100 | 3,100 |
| Joliet | 6,700 | 8,200 | 8,500 |
| Kankakee | 1,500 | 1,700 | 1,700 |
| Lake County | 9,600 | 12,500 | 11,700 |
| Peoria | 6,500 | 6,500 | 6,600 |
| Rockford | 4,300 | 5,300 | 5,900 |
| Springfield | 3,600 | 3,600 | 3,400 |

Bureau of Labor Statistics, U.S. Department of Labor

## ILLINOIS UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Illinois was 6.2% (5.7% in 1989, 6.6% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 371,000 people were unemployed in the state. 359,000 people were unemployed in the state in 1989, including 29,000 construction workers.
- The **construction** unemployment rate in Illinois was 10.5% in 1989 (12.8% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON ILLINOIS

- Each $1 spent on new construction in Illinois generates a total of $2.6145 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $52,290,000 increase in the state's economy ($20 million X the 2.6145 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Illinois creates 31.2 jobs. For example, a $20 million new construction project would create 624 jobs in the state in construction, supplier, and service industries ($20 X 31.2 jobs million).

- For each $1 of new construction, the earnings of households in the state is increased by $.8319. For example, a $20 million construction project would increase the total household earnings in the state by $16,638,000 ($20 million X $.8319). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased. Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE ILLINOIS ECONOMY

- The total construction industry payroll in 1989 was $6,730,864,000, 6.3 percent of the state's total private industry payroll.

- In Illinois, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 3.9% of the state's gross product in 1982 to 4.1% in 1986. In the Great Lakes region (IL,IN,MI,OH,WI), construction has increased from 3.5% of the region's economy in 1982 to 3.6% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| ILLINOIS | 3.9% | 3.8% | 4.0% | 4.0% | 4.1% |
| GREAT LAKES | 3.5 | 3.4 | 3.4 | 3.5 | 3.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN ILLINOIS

- In 1990, the value of nonresidential building permits issued for new construction dropped 5.8 percent from 1989, to $2.4 billion. Nonresidential remodeling and reconstruction work increased 9.3 percent, to $1.4 billion in 1990. Residential construction authorized by building permits dropped 8.3 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN ILLINOIS (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $3,212,645 | $2,905,413 | -9.6% |
| Two-Family Buildings | 65,451 | 67,666 | 3.4 |
| Three- and Four-Family Buildings | 92,993 | 57,774 | -37.9 |
| Five-or-more Family Buildings | 409,964 | 434,936 | 6.1 |
| **Total Residential Buildings** | 3,781,053 | 3,465,789 | -8.3 |
| **Additions, Alterations, Residential** | 506,398 | 570,256 | 12.6 |
| | | | |
| Hotels, Motels | 81,430 | 111,872 | 37.4 |
| Other Nonhousekeeping | 3,542 | 29,138 | 722.6 |
| Amusement, Social, Recreational | 51,780 | 87,494 | 69.0 |
| Churches | 43,066 | 85,501 | 98.5 |
| Industrial Buildings | 405,116 | 322,304 | -20.4 |
| Parking Garages | 70,769 | 85,068 | 20.2 |
| Service Stations, Repair Garages | 36,803 | 36,253 | -1.5 |
| Hospitals, Institutional Buildings | 87,110 | 47,522 | -45.4 |
| Office, Bank, Professional Buildings | 887,581 | 725,960 | -18.2 |
| Public Works, Utilities Buildings | 23,995 | 63,377 | 164.1 |
| Schools, Educational Buildings | 55,602 | 101,439 | 82.4 |
| Stores, Customer Services | 662,878 | 573,581 | -13.5 |
| Other Nonresidential Buildings | 94,455 | 90,770 | -3.9 |
| Structures other than Buildings | 31,184 | 28,999 | -7.0 |
| **Total New Nonresidential** | 2,535,311 | 2,389,278 | -5.8 |
| **Nonresidential Additions, Alterations** | 1,315,839 | 1,438,328 | 9.3 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# INDIANA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Indiana has increased from 79,400 in 1984 to 115,000 in 1989.
- In December, 1990, the construction industry in Indiana employed 8,500 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.7% of total state employment in 1984. In 1989, construction accounted for 4.7% of the almost 2.5 million people employed in Indiana in 1988.

**INDIANA EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| ***1984*** | ***79,400*** | ***2,122,300*** | ***3.7*** |
| 1985 | 87,000 | 2,168,600 | 4.0 |
| 1986 | 92,900 | 2,221,800 | 4.2 |
| 1987 | 99,000 | 2,304,900 | 4.3 |
| 1988 | 107,300 | 2,395,600 | 4.5 |
| 1989 | 115,000 | 2,467,300 | 4.7 |
| December, 1989 | 120,000 | 2,514,800 | 4.8 |
| December, 1990 | 128,500 | 2,538,900 | 5.1 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Anderson | 1,400 | 1,400 | 2,000 |
| Bloomington | 2,200 | 2,200 | 2,200 |
| Elkhart-Goshen | 2,900 | 3,400 | 3,800 |
| Evansville,IN-KY | 7,700 | 7,800 | 8,800 |
| Fort Wayne | 9,400 | 9,400 | 10,600 |
| Gary-Hammond | 14,200 | 16,400 | 18,700 |
| Indianapolis | 32,900 | 35,900 | 37,500 |
| Kokomo | 1,200 | 1,100 | 1,600 |
| Lafayette-West Lafayette | 2,700 | 2,700 | 2,900 |
| Muncie | 2,000 | 1,800 | 2,000 |
| South Bend-Mishawaka | 5,700 | 6,500 | 8,500 |
| Terre Haute | 2,100 | 2,600 | 4,200 |

Bureau of Labor Statistics, U.S. Department of Labor

## INDIANA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Indiana was 5.3% (4.8% in 1989, 5.5% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 150,000 people were unemployed in the state. 136,000 people were unemployed in the state in 1989, including 12,000 construction workers.
- The **construction** unemployment rate in Indiana was 9.6% in 1989 (12.9% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON INDIANA

- Each $1 spent on new construction in Indiana generates a total of $2.5132 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $50,264,000 increase in the state's economy ($20 million X the 2.5132 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Indiana creates 38.1 jobs. For example, a $20 million new construction project would create 762 jobs in the state in construction, supplier, and service industries ($20 X 38.1 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7973. For example, a $20 million construction project would increase the total household earnings in the state by $15,946,000 ($20 million X $.7973). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE INDIANA ECONOMY

- The total construction industry payroll in Indiana in 1989 was $2,705,877,000, 6.3 percent of the state's total private industry payroll.

- In Indiana, construction (including homebuilding, nonresidential building and nonbuilding work) declined from 4.6% of the state's gross product in 1982 to 4.3% in 1984, then rebounded to 4.6% in 1986. In the Great Lakes region (IL,IN,MI,OH,WI), construction has increased from 3.5% of the region's economy in 1982 to 3.6% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| INDIANA | 4.6% | 4.4% | 4.3% | 4.5% | 4.6% |
| GREAT LAKES | 3.5 | 3.4 | 3.4 | 3.5 | 3.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN INDIANA

- In 1990, the value of nonresidential building permits issued for new construction increased 36.6 percent from 1989, to $1.653 billion. Nonresidential remodeling and reconstruction work decreased 6.2 percent, to $303.1 million in 1990. Residential construction authorized by building permits increased 2.5 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN INDIANA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,723,805 | $1,816,496 | 5.4% |
| Two-Family Buildings | 49,125 | 48,518 | -1.2 |
| Three- and Four-Family Buildings | 21,703 | 28,440 | 31.0 |
| Five-or-more Family Buildings | 177,612 | 128,729 | -27.5 |
| **Total Residential Buildings** | 1,972,245 | 2,022,183 | 2.5 |
| **Additions, Alterations, Residential** | 176,552 | 177,358 | 0.5 |
| | | | |
| Hotels, Motels | 27,449 | 18,403 | -33.0 |
| Other Nonhousekeeping | 8,521 | 15,485 | 81.7 |
| Amusement, Social, Recreational | 19,084 | 11,546 | -39.5 |
| Churches | 21,475 | 32,762 | 52.6 |
| Industrial Buildings | 384,748 | 755,241 | 96.3 |
| Parking Garages | 831 | 3,522 | 323.8 |
| Service Stations, Repair Garages | 14,262 | 10,879 | -23.7 |
| Hospitals, Institutional Buildings | 27,849 | 45,788 | 64.4 |
| Office, Bank, Professional Buildings | 137,635 | 299,329 | 117.5 |
| Public Works, Utilities Buildings | 60,339 | 31,273 | -48.2 |
| Schools, Educational Buildings | 36,532 | 22,110 | -39.5 |
| Stores, Customer Services | 325,963 | 246,445 | -24.4 |
| Other Nonresidential Buildings | 101,019 | 120,094 | 18.9 |
| Structures other than Buildings | 44,703 | 40,122 | -10.2 |
| **Total New Nonresidential** | 1,210,410 | 1,653,009 | 36.6 |
| Nonresidential Additions, Alterations | 323,016 | 303,133 | -6.2 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# IOWA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Iowa declined from 38,700 in 1984 to 35,200 in 1986, then increased to 40,500 in 1989.
- In December, 1990 the construction industry in Iowa employed 3,400 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.6% of total state employment in 1984. In 1989, construction accounted for 3.4% of the 1.2 million people employed in Iowa.

**IOWA EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 38,700 | 1,074,700 | 3.6 |
| 1985 | 36,600 | 1,074,200 | 3.4 |
| 1986 | 35,200 | 1,073,800 | 3.2 |
| 1987 | 35,600 | 1,109,100 | 3.2 |
| 1988 | 38,000 | 1,156,200 | 3.3 |
| 1989 | 40,500 | 1,200,200 | 3.4 |
| December, 1989 | 38,900 | 1,223,400 | 3.2 |
| December, 1990 | 42,300 | 1,234,800 | 3.4 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Cedar Rapids | 3,700 | 3,800 | 4,200 |
| Des Moines | 7,800 | 8,300 | 8,900 |
| Dubuque | 1,400 | 1,400 | 1,700 |
| Iowa City | 1,400 | 1,700 | 2,000 |
| Sioux City | 2,100 | 2,200 | 2,000 |
| Waterloo-Cedar Falls | 2,100 | 2,300 | 2,400 |

Bureau of Labor Statistics, U.S. Department of Labor

## IOWA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Iowa was 4.2% (4.7% in 1988, 4.9% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 63,000 people were unemployed in the state. 65,000 people were unemployed in the state in 1989, including 7,000 construction workers.
- The **construction** unemployment rate in Iowa was 13.8% in 1989 (12.8% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON IOWA

- Each $1 spent on new construction in Iowa generates a total of $2.1336 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $42,672,000 increase in the state's economy ($20 million X the 2.1336 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Iowa creates 36.7 jobs. For example, a $20 million new construction project would create 734 jobs in the state in construction, supplier, and service industries ($20 X 36.7 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.6959. For example, a $20 million construction project would increase the total household earnings in the state by $13,918,000 ($20 million X $.6959). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF IOWA'S ECONOMY

- The total construction industry payroll in Iowa in 1989 was $874,868,000, 5.1 percent of the state's total private industry payroll.

- In Iowa, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 3.2% of the state's gross product in 1986. On average in the Plains (IA,KS,MN,MO,NE,ND,SD) states, construction grew from 3.7% in 1982 to 3.9% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| IOWA | 3.4% | 3.3% | 3.3% | 3.2% | 3.2% |
| PLAINS | 3.7 | 3.8 | 3.8 | 3.8 | 3.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN IOWA

- In 1990, the value of nonresidential building permits issued for new construction increased 5.5 percent from 1989, to $454 million. Nonresidential remodeling and reconstruction work increased 22.9 percent, to $217 million in 1990. Residential construction authorized by building permits increased 13.3 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN IOWA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $387,080 | $453,832 | 17.2% |
| Two-Family Buildings | 12,780 | 8,796 | -31.2 |
| Three- and Four-Family Buildings | 17,216 | 19,483 | 13.2 |
| Five-or-more Family Buildings | 59,786 | 58,218 | -2.6 |
| **Total Residential Buildings** | 476,862 | 540,329 | 13.3 |
| **Additions, Alterations, Residential** | 61,159 | 70,156 | 14.7 |
| | | | |
| Hotels, Motels | 31,266 | 25,284 | -19.1 |
| Other Nonhousekeeping | 5,228 | 3,781 | -27.7 |
| Amusement, Social, Recreational | 11,338 | 7,121 | -37.2 |
| Churches | 6,705 | 14,509 | 116.4 |
| Industrial Buildings | 95,467 | 122,068 | 27.9 |
| Parking Garages | 7,910 | 10,013 | 26.6 |
| Service Stations, Repair Garages | 4,580 | 5,369 | 17.2 |
| Hospitals, Institutional Buildings | 18,909 | 35,022 | 85.2 |
| Office, Bank, Professional Buildings | 99,027 | 81,567 | -17.6 |
| Public Works, Utilities Buildings | 14,655 | 4,354 | -70.3 |
| Schools, Educational Buildings | 6,503 | 10,607 | 63.1 |
| Stores, Customer Services | 100,546 | 104,825 | 4.3 |
| Other Nonresidential Buildings | 22,863 | 24,133 | 5.6 |
| Structures other than Buildings | 5,506 | 5,501 | -- |
| **Total New Nonresidential** | 430,503 | 454,154 | 5.5 |
| Nonresidential Additions, Alterations | 176,856 | 217,346 | 22.9 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# KANSAS ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Kansas stood at 40,500 in 1989.
- In December, 1990, the construction industry in Kansas employed 2,400 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.5% of total state employment in 1984. In 1989, construction accounted for 3.8% of the over 1 million people employed in Kansas.

KANSAS EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 43,600 | 966,900 | 4.5 |
| 1985 | 42,300 | 967,900 | 4.4 |
| 1986 | 43,900 | 984,800 | 4.5 |
| 1987 | 45,400 | 1,005,100 | 4.5 |
| 1988 | 41,600 | 1,035,400 | 4.0 |
| 1989 | 40,500 | 1,067,500 | 3.8 |
| December, 1989 | 39,800 | 1,088,200 | 3.7 |
| December, 1990 | 42,200 | 1,110,200 | 3.8 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Lawrence | 1,500 | 1,600 | 1,700 |
| Kansas City PMSA KS-MO | 34,600 | 32,700 | 33,800 |
| Topeka | 3,500 | 3,600 | 3,600 |
| Wichita | 9,300 | 9,000 | 9,800 |

Bureau of Labor Statistics, U.S. Department of Labor

## KANSAS UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Kansas was 4.4% (4.0% in 1989, 4.9% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 57,000 people were unemployed in the state. 52,000 people were unemployed in the state in 1989, including 5,000 construction workers.
- The **construction** unemployment rate in Kansas was 10.9% in 1989 (14.8% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON KANSAS

- Each $1 spent on new construction in Kansas generates a total of $2.2450 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $44,900,000 increase in the state's economy ($20 million X the 2.2450 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Kansas creates 34.7 jobs. For example, a $20 million new construction project would create 694 jobs in the state in construction, supplier, and service industries ($20 X 34.7 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7113. For example, a $20 million construction project would increase the total household earnings in the state by $14,226,000 ($20 million X $.7113). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE KANSAS ECONOMY

- The total construction industry payroll in Kansas in 1989 was $888,772,000, 5.5 percent of the state's total private industry payroll.

- In Kansas, construction (including homebuilding, nonresidential building and nonbuilding work) was 4.1% of the state's gross product in 1986. This level is below the state's historical average: 1963 - 4.7%, 1967 - 4.4%; 1972 - 4.6%; 1977 - 5.4%. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| KANSAS | 4.0% | 4.0% | 4.1% | 3.9% | 4.1% |
| PLAINS | 3.7 | 3.8 | 3.8 | 3.8 | 3.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN KANSAS

- In 1990, the value of nonresidential building permits issued for new construction dropped 12.0 percent from 1989, to $302 million. Nonresidential remodeling and reconstruction work increased 56.1 percent, to $330 million in 1990. Residential construction authorized by building permits dropped 6.8 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN KANSAS (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $637,849 | $574,202 | -10.0% |
| Two-Family Buildings | 17,833 | 23,310 | 30.7 |
| Three- and Four-Family Buildings | 9,224 | 16,398 | 77.8 |
| Five-or-more Family Buildings | 33,059 | 36,257 | 9.7 |
| **Total Residential Buildings** | 697,965 | 650,167 | -6.8 |
| **Additions, Alterations, Residential** | 65,929 | 63,903 | -3.1 |
| | | | |
| Hotels, Motels | 10,147 | 6,771 | -33.3 |
| Other Nonhousekeeping | 791 | 1,706 | 115.7 |
| Amusement, Social, Recreational | 37,623 | 11,036 | -70.7 |
| Churches | 13,216 | 6,463 | -51.1 |
| Industrial Buildings | 86,335 | 69,178 | -19.9 |
| Parking Garages | 828 | 486 | -41.3 |
| Service Stations, Repair Garages | 6,288 | 4,890 | -22.2 |
| Hospitals, Institutional Buildings | 22,392 | 15,434 | -31.1 |
| Office, Bank, Professional Buildings | 55,855 | 61,923 | 10.9 |
| Public Works, Utilities Buildings | 1,411 | 1,443 | 2.3 |
| Schools, Educational Buildings | 4,841 | 10,369 | 114.2 |
| Stores, Customer Services | 84,072 | 90,089 | 7.2 |
| Other Nonresidential Buildings | 13,357 | 15,376 | 15.1 |
| Structures other than Buildings | 5,891 | 6,602 | 12.1 |
| **Total New Nonresidential** | 343,047 | 301,766 | -12.0 |
| **Nonresidential Additions, Alterations** | 211,316 | 329,869 | 56.1 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# KENTUCKY ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Kentucky has increased from 50,500 in 1984 to 66,100 in 1989.
- As of December, 1990, the construction industry in Kentucky employed 1,000 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.2% of total state employment in 1984. In 1989, construction accounted for 4.6% of the 1,434,200 people employed in Kentucky.

**KENTUCKY EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 50,500 | 1,213,800 | 4.2 |
| 1985 | 54,000 | 1,250,300 | 4.3 |
| 1986 | 56,300 | 1,274,100 | 4.4 |
| 1987 | 61,600 | 1,328,200 | 4.6 |
| 1988 | 63,000 | 1,381,900 | 4.6 |
| 1989 | 66,100 | 1,434,200 | 4.6 |
| December, 1989 | 67,800 | 1,462,200 | 4.6 |
| December, 1990 | 68,800 | 1,490,000 | 4.6 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Lexington-Fayette | 10,500 | 10,900 | 11,900 |
| Louisville, KY-IN | 22,000 | 22,700 | 23,100 |
| Owensboro | 2,200 | 2,200 | 2,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## KENTUCKY UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Kentucky was 5.8% (6.2% in 1989, 7.7% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 103,000 people were unemployed in the state. 108,000 people were unemployed in the state in 1989, including 11,000 construction workers.
- The **construction** unemployment rate in Kentucky was 11.6% in 1989 (16.4% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON KENTUCKY

- Each $1 spent on new construction in Kentucky generates a total of $2.4131 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $48,262,000 increase in the state's economy ($20 million X the 2.4131 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Kentucky creates 39.2 jobs. For example, a $20 million new construction project would create 784 jobs in the state in construction, supplier, and service industries ($20 X 39.2 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7543. For example, a $20 million construction project would increase the total household earnings in the state by $15,086,000 ($20 million X $.7543). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF KENTUCKY'S ECONOMY

- The total construction industry payroll in Kentucky in 1989 was $1,325,185,000, 6.2 percent of the state's total private industry payroll.

- In Kentucky, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 4.9% of the state's gross product in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| KENTUCKY | 5.1% | 4.7% | 4.6% | 4.7% | 4.9% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN KENTUCKY

- In 1990, the value of nonresidential building permits issued for new construction increased 6.2 percent from 1989, to $498 million. Nonresidential remodeling and reconstruction work increased 3.2 percent, to $175 million in 1990. Residential construction authorized by building permits dropped 0.5 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN KENTUCKY (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $684,553 | $687,816 | 0.5% |
| Two-Family Buildings | 10,206 | 14,224 | 39.4 |
| Three- and Four-Family Buildings | 12,647 | 12,766 | 0.9 |
| Five-or-more Family Buildings | 71,977 | 61,026 | -15.2 |
| **Total Residential Buildings** | 779,383 | 775,832 | -0.5 |
| **Additions, Alterations, Residential** | 49,866 | 47,511 | -4.7 |
| | | | |
| Hotels, Motels | 24,102 | 9,895 | -58.9 |
| Other Nonhousekeeping | 3,405 | 844 | -75.2 |
| Amusement, Social, Recreational | 13,863 | 5,701 | -58.9 |
| Churches | 16,516 | 15,764 | -4.6 |
| Industrial Buildings | 67,978 | 115,728 | 70.2 |
| Parking Garages | 5,583 | 18,823 | 237.1 |
| Service Stations, Repair Garages | 10,174 | 7,197 | -29.3 |
| Hospitals, Institutional Buildings | 20,596 | 40,260 | 95.5 |
| Office, Bank, Professional Buildings | 88,949 | 86,186 | -3.1 |
| Public Works, Utilities Buildings | 45,754 | 4,707 | -89.7 |
| Schools, Educational Buildings | 7,219 | 6,892 | -4.5 |
| Stores, Customer Services | 144,771 | 164,474 | 13.6 |
| Other Nonresidential Buildings | 13,876 | 14,353 | 3.4 |
| Structures other than Buildings | 6,476 | 7,351 | 13.5 |
| **Total New Nonresidential** | 469,262 | 498,175 | 6.2 |
| **Nonresidential Additions, Alterations** | 169,237 | 174,730 | 3.2 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# LOUISIANA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Louisiana declined from 118,300 in 1984 to 80,200 in 1989.
- In December, 1989, the construction industry in Louisiana employed 900 more workers than in the same month one year earlier (monthly data not seasonally adjusted).
- Construction employment was 7.4% of total state employment in 1984. In 1989, construction accounted for 5.3% of the more than 1.5 million people employed in Louisiana.

LOUISIANA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 118,300 | 1,601,500 | 7.4 |
| 1985 | 105,200 | 1,519,200 | 6.9 |
| 1986 | 90,500 | 1,518,500 | 6.0 |
| 1987 | 81,300 | 1,483,600 | 5.5 |
| 1988 | 82,300 | 1,511,600 | 5.4 |
| 1989 | 80,200 | 1,516,100 | 5.3 |
| December, 1989 | 82,100 | 1,528,900 | 5.4 |
| December, 1990 | 83,200 | 1,547,000 | 5.4 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Alexandria | 2,300 | 2,800 | 2,500 |
| Baton Rouge | 24,100 | 25,000 | 26,400 |
| Houma-Thibodaux | 1,700 | 1,900 | 1,900 |
| Lafayette | 3,300 | 3,300 | 4,200 |
| Lake Charles | 3,900 | 4,600 | 4,500 |
| Monroe | 2,400 | 2,500 | 2,600 |
| New Orleans | 22,400 | 22,000 | 23,400 |
| Shreveport | 6,000 | 5,300 | 6,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## LOUISIANA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Louisiana was 6.2% (7.9% in 1989, 10.2% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 117,000 people were unemployed in the state. 151,000 people were unemployed in the state in 1989, including 24,000 construction workers.
- The **construction** unemployment rate in Louisiana was 16.9% in 1989 (21.2% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON LOUISIANA

- Each $1 spent on new construction in Louisiana generates a total of $2.1798 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $43,596,000 increase in the state's economy ($20 million X the 2.1798 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Louisiana creates 33.6 jobs. For example, a $20 million new construction project would create 672 jobs in the state in construction, supplier, and service industries ($20 X 33.6 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.6975. For example, a $20 million construction project would increase the total household earnings in the state by $13,950,000 ($20 million X $.6975). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF LOUISIANA'S ECONOMY

- The total construction industry payroll in Louisiana in 1989 was $1,806,236,000, 7.5 percent of the state's total private industry payroll.

- In Louisiana, construction (including homebuilding, nonresidential building and nonbuilding work) declined from 6.4% of the state's gross product in 1982 to 5.2% in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| LOUISIANA | 6.4% | 6.4% | 6.2% | 5.6% | 5.2% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN LOUISIANA

- In 1990, the value of nonresidential building permits issued for new construction dropped 22.3 percent from 1989, to $366 million. Nonresidential remodeling and reconstruction work dropped 8.9 percent, to $266 million, in 1990. Residential construction authorized by building permits increased 4.9 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN LOUISIANA (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $349,099 | $373,010 | 6.8% |
| Two-Family Buildings | 2,814 | 2,113 | -24.9 |
| Three- and Four-Family Buildings | 1,963 | 1,363 | -30.6 |
| Five-or-more Family Buildings | 20,993 | 16,719 | -20.4 |
| **Total Residential Buildings** | 374,869 | 393,205 | 4.9 |
| **Additions, Alterations, Residential** | 104,742 | 81,159 | -22.5 |
| | | 14,594 | 253.8 |
| Hotels, Motels | 3,216 | 336 | -42.3 |
| Other Nonhousekeeping | 582 | 5,885 | -26.9 |
| Amusement, Social, Recreational | 8,048 | 12,940 | -15.5 |
| Churches | 15,320 | 77,047 | -62.7 |
| Industrial Buildings | 206,561 | 3,678 | -1.5 |
| Parking Garages | 3,735 | 7,679 | 46.3 |
| Service Stations, Repair Garages | 5,248 | 25,993 | 61.2 |
| Hospitals, Institutional Buildings | 16,126 | 58,236 | 8.7 |
| Office, Bank, Professional Buildings | 53,561 | 4,994 | -66.2 |
| Public Works, Utilities Buildings | 14,791 | 13,584 | -3.3 |
| Schools, Educational Buildings | 14,041 | 120,354 | 30.4 |
| Stores, Customer Services | 92,286 | 11,676 | -30.1 |
| Other Nonresidential Buildings | 16,707 | 9,188 | -56.7 |
| Structures other than Buildings | 21,204 | 366,184 | -22.3 |
| **Total New Nonresidential** | 471,426 | 266,085 | -8.9 |
| **Nonresidential Additions, Alterations** | 292,123 | | |

Bureau of the Census

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA.

# MAINE ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Maine has steadily increased from 20,400 in 1984 to 34,100 in 1988, then declined to 33,100 in 1989.

- As of December, 1990, construction employment in the state was 25,000, 6,700 fewer workers than one year earlier (monthly data not seasonally adjusted).

- Construction employment was 4.6% of total state employment in 1984. In 1989, construction accounted for 6.1% of the more than half million people employed in Maine.

**MAINE EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 20,400 | 445,700 | 4.6 |
| 1985 | 23,400 | 458,400 | 5.1 |
| 1986 | 26,900 | 477,400 | 5.6 |
| 1987 | 31,500 | 501,100 | 6.3 |
| 1988 | 33,300 | 527,100 | 6.3 |
| 1989 | 33,100 | 543,700 | 6.1 |
| December, 1989 | 31,700 | 551,600 | 5.7 |
| December, 1990 | 25,000 | 526,800 | 4.7 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Lewiston-Auburn | 2,300 | 2,200 | 1,800 |
| Portland | 9,100 | 8,500 | 6,800 |

Bureau of Labor Statistics, U.S. Department of Labor

## MAINE UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Maine was 5.1% (4.1% in 1989, 4.1% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).

- In 1990, 33,000 people were unemployed in the state. 25,000 people were unemployed in the state in 1989, including 4,000 construction workers.

- The **construction** unemployment rate in Maine was 11.0% in 1989 (9.3% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON MAINE

- Each $1 spent on new construction in Maine generates a total of $2.0323 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $40,646,000 increase in the state's economy ($20 million X the 2.0323 multiplier). This total includes the original $20 million project.

- Each additional $1 million spent on new construction in Maine creates 34.9 jobs. For example, a $20 million new construction project would create 698 jobs in the state in construction, supplier, and service industries ($20 X 34.9 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.6834. For example, a $20 million construction project would increase the total household earnings in the state by $13,668,000 ($20 million X $.6834). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF MAINE'S ECONOMY

- The total construction industry payroll in Maine in 1989 was $713,773,000, 8.6 percent of the state's total private industry payroll.

- In Maine, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 4.8% of the state's gross product in 1982 to 6.2% in 1986. On average in the New England states (CT,ME,MA,NH,RI,VT), construction grew from 3.9% in 1982 to 4.8% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| MAINE | 4.8% | 4.7% | 5.4% | 5.6% | 6.2% |
| NEW ENGLAND | 3.9 | 4.1 | 4.3 | 4.5 | 4.8 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN MAINE

- In 1990, the value of nonresidential building permits issued for new construction dropped 14.8 percent from 1989, to $184.3 million. Nonresidential remodeling and reconstruction work dropped 38.3 percent, to $75 million in 1990. Residential construction authorized by building permits dropped 28.5 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN MAINE (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $379,911 | $284,941 | -25.0% |
| Two-Family Buildings | 7,292 | 3,857 | -47.1 |
| Three- and Four-Family Buildings | 6,473 | 3,872 | -40.2 |
| Five-or-more Family Buildings | 34,202 | 13,370 | -60.9 |
| **Total Residential Buildings** | **427,878** | **306,040** | **-28.5** |
| **Additions, Alterations, Residential** | **86,006** | **72,159** | **-16.1** |
| | | | |
| Hotels, Motels | 14,313 | 7,546 | -47.3 |
| Other Nonhousekeeping | 1,161 | 425 | -63.4 |
| Amusement, Social, Recreational | 6,091 | 7,333 | 20.4 |
| Churches | 4,214 | 1,771 | -58.0 |
| Industrial Buildings | 38,631 | 24,228 | -37.3 |
| Parking Garages | 0 | 954 | -- |
| Service Stations, Repair Garages | 4,794 | 4,898 | 2.2 |
| Hospitals, Institutional Buildings | 10,887 | 7,436 | -31.7 |
| Office, Bank, Professional Buildings | 47,472 | 34,785 | -26.7 |
| Public Works, Utilities Buildings | 13,087 | 13,545 | 3.5 |
| Schools, Educational Buildings | 9,503 | 9,906 | 4.2 |
| Stores, Customer Services | 42,639 | 49,960 | 17.2 |
| Other Nonresidential Buildings | 14,632 | 14,973 | 2.3 |
| Structures other than Buildings | 8,850 | 6,516 | -26.4 |
| **Total New Nonresidential** | **216,274** | **184,276** | **-14.8** |
| **Nonresidential Additions, Alterations** | **121,571** | **74,986** | **-38.3** |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# MARYLAND ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Maryland has steadily increased from 116,000 in 1984 to 162,300 in 1989.
- In December, 1990, the construction industry in Maryland employed 1,200 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 6.4% of total state employment in 1984. In 1989, construction accounted for 7.6% of the 2.1 million people employed in Maryland.

MARYLAND EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 116,000 | 1,814,000 | 6.4 |
| 1985 | 128,800 | 1,887,800 | 6.8 |
| 1986 | 139,500 | 1,952,000 | 7.1 |
| 1987 | 152,300 | 2,028,000 | 7.5 |
| 1988 | 161,100 | 2,102,300 | 7.7 |
| 1989 | 162,300 | 2,147,700 | 7.6 |
| December, 1989 | 158,600 | 2,178,000 | 7.3 |
| December, 1990 | 157,400 | 2,175,600 | 7.2 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Baltimore MSA | 75,700 | 77,600 | 73,900 |
| Suburban Maryland-DC | 69,100 | 71,600 | 68,500 |

Bureau of Labor Statistics, U.S. Department of Labor

## MARYLAND UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Maryland was 4.6% (3.7% in 1989, 4.5% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 118,000 people were unemployed in the state. 93,000 people were unemployed in the state in 1989, including 17,000 construction workers.
- The **construction** unemployment rate in Maryland was 8.4% in 1989 (6.6% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON MARYLAND

- Each $1 spent on new construction in Maryland generates a total of $2.1096 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $42,192,000 increase in the state's economy ($20 million X the 2.1096 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Maryland creates 29.5 jobs. For example, a $20 million new construction project would create 590 jobs in the state in construction, supplier, and service industries ($20 X 29.5 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.7123. For example, a $20 million construction project would increase the total household earnings in the state by $14,246,000

($20 million X $.7123). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF MARYLAND'S ECONOMY

- The total construction industry payroll in Maryland in 1989 was $4,120,113,000, 10.6 percent of the state's total private industry payroll.

- In Maryland, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 5.2% of the state's gross product in 1986. On average in the Mideast states (DE,DC,MD,NJ,NY,PA), construction has grown from 3.9% in 1982 to 4.5% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| MARYLAND | 4.2% | 4.4% | 4.8% | 5.0% | 5.2% |
| MIDEAST | 3.9 | 3.9 | 4.1 | 4.3 | 4.5 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN MARYLAND

- In 1990, the value of nonresidential building permits issued for new construction dropped 10.1 percent from 1989, to $911 million. Nonresidential remodeling and reconstruction work decreased 1.6 percent, to $679 million in 1990. Residential construction authorized by building permits dropped 13.5 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN MARYLAND (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $2,314,498 | $2,026,404 | -12.4% |
| Two-Family Buildings | 30,065 | 3,347 | -88.9 |
| Three- and Four-Family Buildings | 6,173 | 3,764 | -39.0 |
| Five-or-more Family Buildings | 352,852 | 304,423 | -13.7 |
| **Total Residential Buildings** | **2,703,588** | **2,337,938** | **-13.5** |
| **Additions, Alterations, Residential** | **520,021** | **553,179** | **6.4** |
| | | | |
| Hotels, Motels | 34,191 | 24,567 | -28.1 |
| Other Nonhousekeeping | 414 | 330 | -20.3 |
| Amusement, Social, Recreational | 23,114 | 35,308 | 52.8 |
| Churches | 30,120 | 30,968 | 2.8 |
| Industrial Buildings | 166,527 | 99,365 | -40.3 |
| Parking Garages | 46,735 | 15,846 | -66.1 |
| Service Stations, Repair Garages | 10,669 | 8,277 | -22.4 |
| Hospitals, Institutional Buildings | 22,539 | 41,792 | 85.4 |
| Office, Bank, Professional Buildings | 301,164 | 257,010 | -14.7 |
| Public Works, Utilities Buildings | 9,803 | 26,642 | 171.8 |
| Schools, Educational Buildings | 35,662 | 32,562 | -8.7 |
| Stores, Customer Services | 269,829 | 282,497 | 4.7 |
| Other Nonresidential Buildings | 34,772 | 32,703 | -6.0 |
| Structures other than Buildings | 27,641 | 22,957 | -16.9 |
| **Total New Nonresidential** | **1,013,180** | **910,824** | **-10.1** |
| Nonresidential Additions, Alterations | 690,196 | 679,287 | -1.6 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# MASSACHUSETTS ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Massachusetts has steadily increased from 96,400 in 1984 to 142,100 in 1988, then dropped to 127,700 in 1989.

- In December, 1990, construction employment in Massachusetts was 93,200, 28,500 workers below the December, 1989 employment level (monthly data not seasonally adjusted).

- Construction employment was 4.1% of total state employment in 1989.

MASSACHUSETTS EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 96,400 | 2,851,800 | 3.4 |
| 1985 | 109,400 | 2,926,000 | 3.7 |
| 1986 | 123,200 | 2,984,800 | 4.1 |
| 1987 | 137,700 | 3,061,800 | 4.5 |
| 1988 | 142,100 | 3,126,200 | 4.5 |
| 1989 | 127,700 | 3,115,400 | 4.1 |
| December, 1989 | 121,700 | 3,145,200 | 3.9 |
| December, 1990 | 93,200 | 3,006,300 | 3.1 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1/* | *1989* | *December, 1990* |
|---|---|---|---|
| Boston | 73,300 | 64,900 | 48,500 |
| Brockton | 3,800 | 3,500 | 2,600 |
| Fall River, MA-RI | 2,700 | 2,500 | 2,300 |
| Fitchburg-Leominster | 2,600 | 2,100 | 1,300 |
| Lawrence-Haverhill, MA-NH | 8,000 | 7,100 | 5,800 |
| Lowell, MA-NH | 5,700 | 4,900 | 4,100 |
| New Bedford | 3,300 | 3,000 | 2,100 |
| Pittsfield | 2,400 | 2,100 | 1,400 |
| Springfield | 10,200 | 9,200 | 6,900 |
| Worcester | 10,300 | 9,000 | 7,700 |

Bureau of Labor Statistics, U.S. Department of Labor

## MASSACHUSETTS UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Massachusetts was 6.0% (4.0 in 1989, 3.2% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).

- In 1990, 189,000 people were unemployed in the state. 127,000 people were unemployed in the state in 1989, including 16,000 construction workers.

- The **construction** unemployment rate in Massachusetts was 10.6% in 1989 (6.7% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON MASSACHUSETTS

- Each $1 spent on new construction in Massachusetts generates a total of $2.1338 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $42,676,000 increase in the state's economy ($20 million X the 2.1338 multiplier). This total includes the original $20 million project.

- Each additional $1 million spent on new construction in Massachusetts creates 26.9 jobs. For example, a $20 million new construction project would create 538 jobs in the state in construction, supplier, and service industries ($20 X 26.9 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7075. For example, a $20 million construction project would increase the total household earnings in the state by $14,150,000 ($20 million X $.7075). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF MASSACHUSETTS ECONOMY

- The total construction industry payroll in Massachusetts in 1989 was $3,723,065,000, 5.6 percent of the state's total private industry payroll.

- In Massachusetts, construction (including homebuilding, nonresidential building and nonbuilding work) was 4.7% of the state's gross product in 1986. On average in the New England states (CT,ME,MA,NH,RI,VT), construction grew from 3.9% in 1982 to 4.8% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| MASSACHUSETTS | 3.8% | 3.9% | 4.2% | 4.4% | 4.7% |
| NEW ENGLAND | 3.9 | 4.1 | 4.3 | 4.5 | 4.8 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN MASSACHUSETTS

- In 1990, the value of nonresidential building permits issued for new construction dropped 33.4 percent from 1989, to $741 million. Nonresidential remodeling and reconstruction work increased 12.3 percent, to $754 million in 1990. Residential construction authorized by building permits dropped 27.2 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN MASSACHUSETTS (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,492,476 | $1,154,760 | -22.6% |
| Two-Family Buildings | 84,460 | 50,626 | -40.1 |
| Three- and Four-Family Buildings | 42,087 | 35,632 | -15.3 |
| Five-or-more Family Buildings | 234,704 | 108,328 | -53.8 |
| **Total Residential Buildings** | 1,853,727 | 1,349,346 | -27.2 |
| **Additions, Alterations, Residential** | 705,132 | 656,960 | -6.8 |
| Hotels, Motels | 36,198 | 13,025 | -64.0 |
| Other Nonhousekeeping | 4,081 | 4,536 | 11.1 |
| Amusement, Social, Recreational | 32,305 | 39,130 | 21.1 |
| Churches | 10,110 | 19,043 | 88.4 |
| Industrial Buildings | 171,563 | 80,360 | -53.2 |
| Parking Garages | 26,526 | 16,470 | -37.9 |
| Service Stations, Repair Garages | 12,258 | 12,485 | 1.9 |
| Hospitals, Institutional Buildings | 62,888 | 39,441 | -37.3 |
| Office, Bank, Professional Buildings | 295,431 | 203,811 | -31.0 |
| Public Works, Utilities Buildings | 15,578 | 46,882 | 201.0 |
| Schools, Educational Buildings | 82,404 | 34,225 | -58.5 |
| Stores, Customer Services | 258,856 | 157,616 | -39.1 |
| Other Nonresidential Buildings | 55,565 | 38,685 | -30.4 |
| Structures other than Buildings | 48,423 | 35,468 | -26.8 |
| **Total New Nonresidential** | 1,112,186 | 741,177 | -33.4 |
| Nonresidential Additions, Alterations | 671,627 | 754,052 | 12.3 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# MICHIGAN ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Michigan has increased from 92,700 in 1984 to 137,800 in 1989.
- As of December, 1990, the construction industry in Michigan employed 10,900 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 2.7% of total state employment in 1984. In 1989, construction accounted for 3.5% of the 3.9 million people employed in Michigan.

MICHIGAN EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 92,700 | 3,381,000 | 2.7 |
| 1985 | 107,800 | 3,561,500 | 3.0 |
| 1986 | 115,200 | 3,657,300 | 3.1 |
| 1987 | 123,300 | 3,735,800 | 3.3 |
| 1988 | 132,200 | 3,819,200 | 3.5 |
| 1989 | 137,800 | 3,904,500 | 3.5 |
| December, 1989 | 137,800 | 3,957,400 | 3.5 |
| December, 1990 | 126,900 | 3,921,700 | 3.2 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Ann Arbor | 6,000 | 5,700 | 5,400 |
| Battle Creek | 2,000 | 2,300 | 2,300 |
| Benton Harbor | 1,700 | 1,700 | 1,600 |
| Detroit | 63,800 | 65,200 | 57,400 |
| Flint | 5,200 | 5,200 | 5,600 |
| Grand Rapids | 16,200 | 16,400 | 15,500 |
| Jackson | 1,700 | 1,900 | 2,400 |
| Kalamazoo | 3,700 | 4,200 | 4,100 |
| Lansing-East Lansing | 6,200 | 6,300 | 4,900 |
| Muskegon | 2,500 | 2,300 | 2,100 |
| Saginaw-Bay City-Midland | 7,800 | 8,100 | 8,800 |

Bureau of Labor Statistics, U.S. Department of Labor

## MICHIGAN UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Michigan was 7.5% (7.1% in 1989, 7.4% in 1988), as compared to the national average rate of 7.1% (5.3% in 1989, 5.5% in 1988).
- In 1990, 344,000 people were unemployed in the state. 326,000 people were unemployed in the state in 1989, including 29,000 construction workers.
- The **construction** unemployment rate in Michigan was 14.6% in 1989 (15.6% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON MICHIGAN

- Each $1 spent on new construction in Michigan generates a total of $2.2647 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $45,294,000 increase in the state's economy ($20 million X the 2.2647 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Michigan creates 30.0 jobs. For example, a $20 million new construction project would create 600 jobs in the state in construction, supplier, and service industries ($20 X 30.0 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7474. For example, a $20 million construction project would increase the total household earnings in the state by $14,948,000 ($20 million X $.7474). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE MICHIGAN ECONOMY

- The total construction industry payroll in Michigan in 1989 was $3,920,534,000, 4.8 percent of the state's total private industry payroll.

- In Michigan, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 3.0% of the state's gross product in 1982 to 3.2% in 1986. In the Great Lakes region (IL,IN,MI,OH,WI), construction increased from 3.5% of the region's economy in 1982 to 3.6% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| MICHIGAN | 3.0% | 2.8% | 2.8% | 3.0% | 3.2% |
| GREAT LAKES | 3.5 | 3.4 | 3.4 | 3.5 | 3.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN MICHIGAN

- In 1990, the value of nonresidential building permits issued for new construction dropped 25.1 percent from 1989, to $1.3 billion. Nonresidential remodeling and reconstruction work increased 5.0 percent, to $895 million in 1990. Residential construction authorized by building permits dropped 7.6 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN MICHIGAN (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $2,479,658 | $2,376,073 | -4.2% |
| Two-Family Buildings | 35,243 | 27,410 | -22.2 |
| Three- and Four-Family Buildings | 66,169 | 50,104 | -24.3 |
| Five-or-more Family Buildings | 406,263 | 306,631 | -24.5 |
| **Total Residential Buildings** | 2,987,333 | 2,760,218 | -7.6 |
| **Additions, Alterations, Residential** | 418,897 | 449,398 | 7.3 |
| | | | |
| Hotels, Motels | 94,161 | 48,569 | -48.4 |
| Other Nonhousekeeping | 4,752 | 1,876 | -60.5 |
| Amusement, Social, Recreational | 46,725 | 22,930 | -50.9 |
| Churches | 40,092 | 25,060 | -37.5 |
| Industrial Buildings | 453,354 | 293,829 | -35.2 |
| Parking Garages | 25,115 | 33,649 | 34.0 |
| Service Stations, Repair Garages | 29,569 | 23,112 | -21.8 |
| Hospitals, Institutional Buildings | 35,117 | 33,621 | -4.3 |
| Office, Bank, Professional Buildings | 362,316 | 312,330 | -13.8 |
| Public Works, Utilities Buildings | 13,359 | 20,390 | 52.6 |
| Schools, Educational Buildings | 15,442 | 14,101 | -8.7 |
| Stores, Customer Services | 479,022 | 326,960 | -31.7 |
| Other Nonresidential Buildings | 108,893 | 113,855 | 4.6 |
| Structures other than Buildings | 38,357 | 37,068 | -3.4 |
| **Total New Nonresidential** | 1,746,274 | 1,307,350 | -25.1 |
| Nonresidential Additions, Alterations | 852,560 | 894,830 | 5.0 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# MINNESOTA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Minnesota increased from 67,600 in 1984 to 80,100 in 1987, and stood at 79,300 in 1989.

- As of December, 1990, the construction industry in Minnesota employed 4,000 fewer workers than one year earlier (monthly data not seasonally adjusted).

- Construction employment was 3.7% of total state employment in 1984. In 1989, construction accounted for 3.8% of the more than 2 million people employed in Minnesota.

MINNESOTA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 67,600 | 1,819,800 | 3.7 |
| 1985 | 71,300 | 1,864,800 | 3.8 |
| 1986 | 75,000 | 1,892,500 | 4.0 |
| 1987 | 80,100 | 1,958,400 | 4.1 |
| 1988 | 77,800 | 2,028,100 | 3.8 |
| 1989 | 79,300 | 2,091,200 | 3.8 |
| December, 1989 | 75,200 | 2,126,700 | 3.5 |
| December, 1990 | 71,200 | 2,145,800 | 3.3 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Duluth, MN-WI | 3,300 | 3,600 | 2,700 |
| Minneapolis-St. Paul, MN-WI | 51,600 | 51,600 | 47,600 |
| Rochester | 2,100 | 2,200 | 2,100 |
| St. Cloud | 3,600 | 3,900 | 3,600 |

Bureau of Labor Statistics, U.S. Department of Labor

## MINNESOTA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Minnesota was 4.8% (4.3% in 1989, 4.2% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).

- In 1990, 116,000 people were unemployed in the state. 102,000 people were unemployed in the state in 1989, including 12,000 construction workers.

- The **construction** unemployment rate in Minnesota was 11.8% in 1989 (11.3% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON MINNESOTA

- Each $1 spent on new construction in Minnesota generates a total of $2.2493 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $44,986,000 increase in the state's economy ($20 million X the 2.2493 multiplier). This total includes the original $20 million project.

- Each additional $1 million spent on new construction in Minnesota creates 31.9 jobs. For example, a $20 million new construction project would create 638 jobs in the state in construction, supplier, and service industries ($20 X 31.9 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7311. For example, a $20 million construction project would increase the total household earnings in the state by $14,622,000 ($20 million X $.7311). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE MINNESOTA ECONOMY

- The total construction industry payroll in Minnesota in 1989 was $2,231,136,000, 5.9 percent of the state's total private industry payroll.

- In Minnesota, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 3.3% of the state's gross product in 1982 to 3.7% in 1986. On average in the Plains (IA,KS,MN,MO,NE,ND,SD) states, construction grew from 3.7% in 1982 to 3.9% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| MINNESOTA | 3.3% | 3.3% | 3.5% | 3.5% | 3.7% |
| PLAINS | 3.7 | 3.8 | 3.8 | 3.8 | 3.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN MINNESOTA

- In 1990, the value of nonresidential building permits issued for new construction increased 29.2 percent from 1989, to $1.1 billion. Nonresidential remodeling and reconstruction work increased 14.5 percent, to $787 million in 1990. Residential construction authorized by building permits increased 0.4 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN MINNESOTA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,667,839 | $1,736,516 | 4.1% |
| Two-Family Buildings | 14,616 | 11,518 | -21.2 |
| Three- and Four-Family Buildings | 22,137 | 16,318 | -26.3 |
| Five-or-more Family Buildings | 242,018 | 189,202 | -21.8 |
| **Total Residential Buildings** | 1,946,610 | 1,953,554 | 0.4 |
| Additions, Alterations, Residential | 303,664 | 314,527 | 3.6 |
| | | | |
| Hotels, Motels | 23,247 | 59,723 | 156.9 |
| Other Nonhousekeeping | 4,742 | 12,650 | 166.8 |
| Amusement, Social, Recreational | 74,027 | 17,298 | -76.6 |
| Churches | 19,596 | 12,106 | -38.2 |
| Industrial Buildings | 195,134 | 154,043 | -21.1 |
| Parking Garages | 51,335 | 72,937 | 42.1 |
| Service Stations, Repair Garages | 12,451 | 17,169 | 37.9 |
| Hospitals, Institutional Buildings | 14,766 | 6,957 | -52.9 |
| Office, Bank, Professional Buildings | 176,390 | 445,552 | 152.6 |
| Public Works, Utilities Buildings | 8,840 | 10,179 | 15.1 |
| Schools, Educational Buildings | 11,742 | 3,516 | -70.1 |
| Stores, Customer Services | 187,011 | 237,959 | 27.2 |
| Other Nonresidential Buildings | 88,357 | 76,651 | -13.2 |
| Structures other than Buildings | 15,122 | 13,963 | -7.7 |
| Total New Nonresidential | 882,760 | 1,140,703 | 29.2 |
| Nonresidential Additions, Alterations | 686,770 | 786,694 | 14.5 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# MISSISSIPPI ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Mississippi declined from 37,100 in 1984 to 33,900 in 1987, increasing to 36,400 in 1989.
- As of December, 1990, the construction industry in Mississippi employed 4,200 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.5% of total state employment in 1984, In 1989, construction accounted for 4.0% of the 921,400 people employed in Mississippi.

MISSISSIPPI EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 37,100 | 820,800 | 4.5 |
| 1985 | 36,700 | 838,900 | 4.4 |
| 1986 | 35,200 | 848,200 | 4.1 |
| 1987 | 33,900 | 864,400 | 3.9 |
| 1988 | 35,200 | 896,200 | 3.9 |
| 1989 | 36,400 | 921,400 | 4.0 |
| December, 1989 | 38,100 | 936,900 | 4.1 |
| December, 1990 | 33,900 | 941,000 | 3.6 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Jackson | 8,500 | 7,800 | 7,400 |

Bureau of Labor Statistics, U.S. Department of Labor

## MISSISSIPPI UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Mississippi was 7.5% (7.8% in 1989, 7.4% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 88,000 people were unemployed in the state. 91,000 people were unemployed in the state in 1989, including 7,000 construction workers.
- The **construction** unemployment rate in Mississippi was 13.7% in 1989 (11.1% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON MISSISSIPPI

- Each $1 spent on new construction in Mississippi generates a total of $2.3577 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $47,154,000 increase in the state's economy ($20 million X the 2.3577 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Mississippi creates 43.2 jobs. For example, a $20 million new construction project would create 864 jobs in the state in construction, supplier, and service industries ($20 X 43.2 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.7490. For example, a $20 million construction project would increase the total household earnings in the state by $14,980,000

($20 million X $.7490). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF MISSISSIPPI'S ECONOMY

- The total construction industry payroll in Mississippi in 1989 was $645,190,000, 5.4% of the state's total private industry payroll.

- In Mississippi, construction (including homebuilding, nonresidential building and nonbuilding work) declined from 5.9% of the state's gross product in 1982 to 4.5% in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| MISSISSIPPI | 5.9% | 5.2% | 4.7% | 4.5% | 4.5% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN MISSISSIPPI

- In 1990, the value of nonresidential building permits issued for new construction dropped 36.3 percent from 1989, to $188 million. Nonresidential remodeling and reconstruction work increased 7.9 percent, to $146 million in 1990. Residential construction authorized by building permits dropped 12.1 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN MISSISSIPPI (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $269,475 | $250,613 | -7.0% |
| Two-Family Buildings | 10,188 | 6,124 | -39.9 |
| Three- and Four-Family Buildings | 6,968 | 2,551 | -63.4 |
| Five-or-more Family Buildings | 30,267 | 19,279 | -36.3 |
| **Total Residential Buildings** | 316,916 | 278,567 | -12.1 |
| **Additions, Alterations, Residential** | 40,270 | 34,425 | -14.5 |
| Hotels, Motels | 7,137 | 7,919 | 11.0 |
| Other Nonhousekeeping | 74 | 1,315 | 1677.0 |
| Amusement, Social, Recreational | 4,458 | 3,816 | -14.4 |
| Churches | 11,878 | 20,669 | 74.0 |
| Industrial Buildings | 128,773 | 28,603 | -77.8 |
| Parking Garages | 400 | 840 | 110.0 |
| Service Stations, Repair Garages | 5,395 | 4,651 | -13.8 |
| Hospitals, Institutional Buildings | 3,931 | 2,847 | -27.6 |
| Office, Bank, Professional Buildings | 24,873 | 23,179 | -6.8 |
| Public Works, Utilities Buildings | 22,342 | 2,538 | -88.6 |
| Schools, Educational Buildings | 8,534 | 6,512 | -23.7 |
| Stores, Customer Services | 60,581 | 70,904 | 17.0 |
| Other Nonresidential Buildings | 12,793 | 11,506 | -10.1 |
| Structures other than Buildings | 3,875 | 2,500 | -35.5 |
| **Total New Nonresidential** | 294,684 | 187,799 | -36.3 |
| Nonresidential Additions, Alterations | 135,581 | 146,245 | 7.9 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# MISSOURI ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Missouri increased from 85,700 in 1984 to 97,500 in 1989.
- As of December, 1990, the construction industry in Missouri employed 2,000 fewer workers than during the same month one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.2% of total state employment in 1984. In 1989, construction accounted for 4.2% of the more than 2.3 million people employed in Missouri.

MISSOURI EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 85,700 | 2,032,700 | 4.2 |
| 1985 | 92,900 | 2,094,700 | 4.4 |
| 1986 | 98,100 | 2,142,600 | 4.6 |
| 1987 | 98,700 | 2,197,800 | 4.5 |
| 1988 | 97,400 | 2,258,900 | 4.3 |
| 1989 | 97,500 | 2,308,000 | 4.2 |
| December, 1989 | 96,700 | 2,333,300 | 4.1 |
| December, 1990 | 94,700 | 2,338,500 | 4.0 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Kansas City, MO-KS | 34,600 | 32,700 | 33,800 |
| St. Louis, MO-IL | 60,100 | 61,600 | 56,200 |
| Springfield | 4,600 | 4,700 | 4,300 |

Bureau of Labor Statistics, U.S. Department of Labor

## MISSOURI UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Missouri was 5.7% (5.5% in 1989, 6.0% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 151,000 people were unemployed in the state. 143,000 people were unemployed in the state in 1989, including 14,000 construction workers.
- The **construction** unemployment rate in Missouri was 12.1% in 1989 (13.9% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON MISSOURI

- Each $1 spent on new construction in Missouri generates a total of $2.4063 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $48,126,000 increase in the state's economy ($20 million X the 2.4063 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Missouri creates 34.7 jobs. For example, a $20 million new construction project would create 694 jobs in the state in construction, supplier, and service industries ($20 X 34.7 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.7436. For example, a $20 million construction project would increase the total household earnings in the state by $14,872,000

($20 million X $.7436). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF MISSOURI'S ECONOMY

- The total construction industry payroll in Missouri in 1989 was $2,365,503,000, 5.9 percent of the state's total private industry payroll.

- In Missouri, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 3.7% of the state's gross product in 1982 to 4.1% in 1986. On average in the Plains states (IA,KS,MN,MO,NE,ND,SD), construction grew from 3.7% in 1982 to 3.9% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| MISSOURI | 3.7% | 3.7% | 3.9% | 4.0% | 4.1% |
| PLAINS | 3.7 | 3.8 | 3.8 | 3.8 | 3.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN MISSOURI

- In 1990, the value of nonresidential building permits issued for new construction dropped 6.1 percent from 1989, to $792 million. Nonresidential remodeling and reconstruction work dropped 1.6 percent, to $598 million in 1990.

- Residential construction authorized by building permits dropped 6.1 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN MISSOURI (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,182,644 | $1,019,946 | -13.8% |
| Two-Family Buildings | 33,503 | 28,346 | -15.4 |
| Three- and Four-Family Buildings | 28,203 | 27,054 | -4.1 |
| Five-or-more Family Buildings | 77,305 | 72,046 | -6.8 |
| **Total Residential Buildings** | **1,221,655** | **1,147,392** | -6.1 |
| **Additions, Alterations, Residential** | **134,811** | **142,656** | 5.8 |
| Hotels, Motels | 35,423 | 44,809 | 26.5 |
| Other Nonhousekeeping | 12,264 | 3,516 | -71.3 |
| Amusement, Social, Recreational | 23,873 | 22,803 | -4.5 |
| Churches | 22,423 | 69,298 | 209.0 |
| Industrial Buildings | 114,175 | 94,675 | -17.1 |
| Parking Garages | 15,750 | 14,900 | -5.4 |
| Service Stations, Repair Garages | 15,966 | 11,072 | -30.7 |
| Hospitals, Institutional Buildings | 61,104 | 44,382 | -27.4 |
| Office, Bank, Professional Buildings | 210,774 | 200,256 | -5.0 |
| Public Works, Utilities Buildings | 5,771 | 6,793 | 17.7 |
| Schools, Educational Buildings | 44,201 | 39,011 | -11.7 |
| Stores, Customer Services | 226,684 | 175,737 | -22.5 |
| Other Nonresidential Buildings | 24,096 | 34,537 | 43.3 |
| Structures other than Buildings | 31,091 | 30,334 | -2.4 |
| Total New Nonresidential | 843,595 | 792,123 | -6.1 |
| Nonresidential Additions, Alterations | 607,321 | 597,728 | -1.6 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# MONTANA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Montana declined from 12,600 in 1984 to 9,700 in 1989.
- As of December, 1990, the construction industry in Montana employed 100 fewer workers than in the same month one year earlier (montly data not seasonally adjusted).
- Construction employment was 4.5% of total state employment in 1984. In 1989, construction accounted for 3.3% of the 290,500 people employed in Montana.

MONTANA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 12,600 | 281,100 | 4.5 |
| 1985 | 11,500 | 279,100 | 4.1 |
| 1986 | 10,200 | 275,400 | 3.7 |
| 1987 | 8,800 | 274,100 | 3.2 |
| 1988 | 9,000 | 282,900 | 3.2 |
| 1989 | 9,700 | 290,500 | 3.3 |
| December, 1989 | 8,700 | 294,300 | 3.0 |
| December, 1990 | 8,600 | 297,800 | 2.9 |

Bureau of Labor Statistics, U.S. Department of Labor

## MONTANA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Montana was 5.8% (5.9% in 1989, 7.6% in 1988), as compared to the national average rate of 5.5% (5.3% of 1989, 5.5% in 1988).
- In 1990, 23,000 people were unemployed in the state. 24,000 people were unemployed in the state in 1989, including 3,000 construction workers.
- The **construction** unemployment rate in Montana was 19.1% in 1989 (23.2% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON MONTANA

- Each $1 spent on new construction in Montana generates a total of $1.9131 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $38,262,000 increase in the state's economy ($20 million X the 1.9131 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Montana creates 35.4 jobs. For example, a $20 million new construction project would create 708 jobs in the state in construction, supplier, and service industries ($20 X 35.4 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.6244. For example, a $20 million construction project would increase the total household earnings in the state by $12,488,000 ($20 million X $.6244). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF MONTANA'S ECONOMY

- The total construction industry payroll in Montana in 1989 was $209,373,000, 5.9 percent of the state's total private industry payroll.

- In Montana, construction (including homebuilding, nonresidential building and nonbuilding work) dropped from 10.1% of the state's gross product in 1982 to 8.4% in 1986. Construction in the Rocky Mountain Region (CO,ID,MT,UT,WY), declined from 7.3% of the region's economy to 6.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| MONTANA | 10.1% | 9.9% | 9.3% | 9.2% | 8.4% |
| ROCKY MOUNTAIN REGION | 7.3 | 6.7 | 6.7 | 6.7 | 6.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN MONTANA

- In 1990, the value of nonresidential building permits issued for new construction increased 20.1 percent from 1989, to $41 million. Nonresidential remodeling and reconstruction work increased 34.0 percent, to $59 million in 1990. Residential construction authorized by building permits increased 58.2 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN MONTANA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $46,772 | $64,835 | 38.6% |
| Two-Family Buildings | 959 | 2,401 | 150.4 |
| Three- and Four-Family Buildings | 3,089 | 5,209 | 68.6 |
| Five-or-more Family Buildings | 2,685 | 12,660 | 371.5 |
| **Total Residential Buildings** | 53,505 | 84,665 | 58.2 |
| **Additions, Alterations, Residential** | 14,430 | 16,481 | 14.2 |
| | | | |
| Hotels, Motels | 2,536 | 2,232 | -12.0 |
| Other Nonhousekeeping | 0 | 551 | -- |
| Amusement, Social, Recreational | 8 | 1,176 | 14600.0 |
| Churches | 2,474 | 2,238 | -9.5 |
| Industrial Buildings | 3,099 | 1,064 | -65.7 |
| Parking Garages | 576 | 20 | -96.5 |
| Service Stations, Repair Garages | 1,094 | 944 | -13.7 |
| Hospitals, Institutional Buildings | 1,534 | 2,144 | 39.8 |
| Office, Bank, Professional Buildings | 3,935 | 7,883 | 100.3 |
| Public Works, Utilities Buildings | 81 | 550 | 579.0 |
| Schools, Educational Buildings | 320 | 430 | 34.4 |
| Stores, Customer Services | 15,378 | 19,325 | 25.7 |
| Other Nonresidential Buildings | 3,005 | 1,989 | -33.8 |
| Structures other than Buildings | 473 | 887 | 87.5 |
| **Total New Nonresidential** | 34,513 | 41,433 | 20.1 |
| Nonresidential Additions, Alterations | 44,115 | 59,103 | 34.0 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# NEBRASKA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Nebraska has generally declined from 25,800 in 1984 to 23,900 in 1989.
- As of December, 1990, the construction industry in Nebraska employed 1,300 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.1% of total state employment in 1984. In 1989, construction accounted for 3.4% of the 705,700 people employed in Nebraska.

NEBRASKA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 25,800 | 635,400 | 4.1 |
| 1985 | 26,100 | 650,500 | 4.0 |
| 1986 | 24,600 | 652,500 | 3.8 |
| 1987 | 24,500 | 667,200 | 3.7 |
| 1988 | 24,500 | 688,100 | 3.6 |
| 1989 | 23,900 | 705,700 | 3.4 |
| December, 1989 | 22,700 | 716,900 | 3.2 |
| December, 1990 | 24,000 | 735,400 | 3.3 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Lincoln | 4,100 | 3,900 | 4,200 |
| Omaha | 11,900 | 11,600 | 12,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## NEBRASKA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Nebraska was 2.2% (3.1% in 1989, 3.8% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 18,000 people were unemployed in the state. 25,000 people were unemployed in the state in 1989, including 1,000 construction workers.
- The **construction** unemployment rate in Nebraska was 3.3% in 1989 (5.8% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON NEBRASKA

- Each $1 spent on new construction in Nebraska generates a total of $2.0402 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $40,804,000 increase in the state's economy ($20 million X the 2.0402 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Nebraska creates 35.0 jobs. For example, a $20 million new construction project would create 700 jobs in the state in construction, supplier, and service industries ($20 X 35.0 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.6694. For example, a $20 million construction project would increase the total household earnings in the state by $13,388,000

($20 million X $.6694). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF NEBRASKA'S ECONOMY

- The total construction industry payroll in Nebraska in 1989 was $517,199,000, 5.4 percent of the state's total private industry payroll.

- In Nebraska, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 3.6% of the state's gross product in 1982 to 3.7% in 1984, then dropped back to 3.6% in 1986. On average in the Plains states, construction grew from 3.7% in 1982 to 3.9% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| NEBRASKA | 3.6% | 3.6% | 3.7% | 3.7% | 3.6% |
| PLAINS | 3.7 | 3.8 | 3.8 | 3.8 | 3.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN NEBRASKA

- In 1990, the value of nonresidential building permits issued for new construction increased 30.9 percent from 1989, to $222 million. Nonresidential remodeling and reconstruction work increased 5.1 percent, to $131 million in 1990. Residential construction authorized by building permits increased 11.2 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN NEBRASKA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $271,291 | $289,283 | 6.6% |
| Two-Family Buildings | 7,246 | 8,910 | 23.0 |
| Three- and Four-Family Buildings | 2,574 | 2,025 | -21.3 |
| Five-or-more Family Buildings | 31,916 | 47,741 | 49.6 |
| **Total Residential Buildings** | 313,027 | 347,959 | 11.2 |
| **Additions, Alterations, Residential** | 35,397 | 35,157 | -0.7 |
| Hotels, Motels | 3,742 | 4,560 | 21.9 |
| Other Nonhousekeeping | 946 | 146 | -84.6 |
| Amusement, Social, Recreational | 3,617 | 5,741 | 58.7 |
| Churches | 5,412 | 13,248 | 144.8 |
| Industrial Buildings | 28,521 | 33,120 | 16.1 |
| Parking Garages | 234 | 7,576 | 3137.6 |
| Service Stations, Repair Garages | 5,034 | 2,293 | -54.4 |
| Hospitals, Institutional Buildings | 9,015 | 7,817 | -13.3 |
| Office, Bank, Professional Buildings | 37,693 | 67,623 | 79.4 |
| Public Works, Utilities Buildings | 2,714 | 1,805 | -33.5 |
| Schools, Educational Buildings | 1,707 | 4,852 | 184.2 |
| Stores, Customer Services | 42,326 | 47,053 | 11.2 |
| Other Nonresidential Buildings | 16,767 | 16,246 | -3.1 |
| Structures other than Buildings | 11,701 | 9,646 | -17.6 |
| **Total New Nonresidential** | 169,429 | 221,726 | 30.9 |
| **Nonresidential Additions, Alterations** | 124,662 | 130,990 | 5.1 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# NEVADA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Nevada has increased from 21,800 in 1984 to 45,600 in 1989.
- As of December, 1990, the construction industry in Nevada employed 2,900 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 5.1% of total state employment in 1984. In 1989, construction accounted for 7.8% of the 582,300 people employed in Nevada.

NEVADA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 21,800 | 426,000 | 5.1 |
| 1985 | 23,900 | 446,400 | 5.4 |
| 1986 | 27,700 | 468,100 | 5.9 |
| 1987 | 30,100 | 500,200 | 6.0 |
| 1988 | 36,300 | 537,600 | 6.8 |
| 1989 | 45,600 | 582,300 | 7.8 |
| December, 1989 | 49,100 | 606,300 | 8.1 |
| December, 1990 | 52,000 | 641,800 | 8.1 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Las Vegas | 22,700 | 31,400 | 35,700 |
| Reno | 7,400 | 7,400 | 8,000 |

Bureau of Labor Statistics, U.S. Department of Labor

## NEVADA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Nevada was 4.9% (5.0% in 1989, 5.5% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 31,000 people were unemployed in the state. 30,000 people were unemployed in the state in 1989, including 5,000 construction workers.
- The **construction** unemployment rate in Nevada was 10.1% in 1989 (9.7% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON NEVADA

- Each $1 spent on new construction in Nevada generates a total of $1.7404 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $34,808,000 increase in the state's economy ($20 million X the 1.7404 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Nevada creates 23.7 jobs. For example, a $20 million new construction project would create 474 jobs in the state in construction, supplier, and service industries ($20 X 23.7 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.5832. For example, a $20 million construction project would increase the total household earnings in the state by $11,664,000 ($20 million X $.5832). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF NEVADA'S ECONOMY

- The total construction industry payroll in Nevada in 1989 was $1,217,626,000, 11.5 percent of the state's total private industry payroll.

- In Nevada, construction (including homebuilding, nonresidential building and nonbuilding work) remains very important, ranging from 8.1% of the state's gross product in 1982 to 7.7% in 1986. For the entire Far West region (CA,NV,OR,WA,AK,HI), construction comprised 4.6% of the economy. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| NEVADA | 8.1% | 7.5% | 7.4% | 7.3% | 7.7% |
| FAR WEST | 4.5 | 4.3 | 4.5 | 4.5 | 4.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN NEVADA

- In 1990, the value of nonresidential building permits issued for new construction dropped 5.6 percent from 1989, to $593 million. Nonresidential remodeling and reconstruction work dropped 35.5 percent, to $349 million in 1990. Residential construction authorized by building permits increased 0.1 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN NEVADA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,098,353 | $1,156,995 | 5.3% |
| Two-Family Buildings | 9,343 | 10,170 | 8.9 |
| Three- and Four-Family Buildings | 22,425 | 30,956 | 38.0 |
| Five-or-more Family Buildings | 383,400 | 316,030 | -17.6 |
| Total Residential Buildings | 1,513,521 | 1,514,151 | 0.1 |
| Additions, Alterations, Residential | 36,585 | 46,940 | 28.3 |
| | | | |
| Hotels, Motels | 202,843 | 88,293 | -56.5 |
| Other Nonhousekeeping | 469 | 2,537 | 440.9 |
| Amusement, Social, Recreational | 15,221 | 39,048 | 156.5 |
| Churches | 6,014 | 4,833 | -19.6 |
| Industrial Buildings | 89,152 | 63,013 | -29.3 |
| Parking Garages | 55,371 | 2,627 | -95.3 |
| Service Stations, Repair Garages | 2,601 | 3,316 | 27.5 |
| Hospitals, Institutional Buildings | 4,500 | 11,391 | 153.1 |
| Office, Bank, Professional Buildings | 53,322 | 53,269 | -0.1 |
| Public Works, Utilities Buildings | 18,963 | 25,529 | 34.6 |
| Schools, Educational Buildings | 1,195 | 2,579 | 115.8 |
| Stores, Customer Services | 146,504 | 263,180 | 79.6 |
| Other Nonresidential Buildings | 14,085 | 15,099 | 7.2 |
| Structures other than Buildings | 18,290 | 18,620 | 1.8 |
| Total New Nonresidential | 628,530 | 593,334 | -5.6 |
| Nonresidential Additions, Alterations | 541,434 | 348,990 | -35.5 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# NEW HAMPSHIRE ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in New Hampshire increased from 25,200 in 1984 to 36,800 in 1987, then declined to 31,100 in 1989.
- As of December, 1990, the construction industry in New Hampshire employed 20,000 workers, 6,400 fewer than during the same month one year earlier (monthly data not seasonally adjusted).
- Construction employment was 5.9% of total state employment in 1989.

NEW HAMPSHIRE EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 25,200 | 441,500 | 5.7 |
| 1985 | 30,900 | 466,000 | 6.6 |
| 1986 | 35,200 | 490,100 | 7.2 |
| 1987 | 36,800 | 512,800 | 7.2 |
| 1988 | 35,900 | 529,000 | 6.8 |
| 1989 | 31,100 | 526,500 | 5.9 |
| December, 1989 | 26,400 | 523,200 | 5.0 |
| December, 1990 | 20,000 | 506,800 | 3.9 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Manchester | 5,800 | 5,600 | 3,200 |
| Nashua | 5,000 | 4,000 | 2,100 |
| Portsmouth-Dover-Rochester | 6,000 | 5,200 | 3,600 |

Bureau of Labor Statistics, U.S. Department of Labor

## NEW HAMPSHIRE UNEMPLOYMENT RATE

- In 1990, the unemployment rate in New Hampshire was 5.6% (3.5% in 1989, 2.5% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 36,000 people were unemployed in the state. 21,000 people were unemployed in the state in 1989, including 3,000 construction workers.
- The **construction** unemployment rate in New Hampshire was 7.8% in 1989 (4.6% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON NEW HAMPSHIRE

- Each $1 spent on new construction in New Hampshire generates a total of $2.1747 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $43,494,000 increase in the state's economy ($20 million X the 2.1747 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in New Hampshire creates 32.0 jobs. For example, a $20 million new construction project would create 640 jobs in the state in construction, supplier, and service industries ($20 X 32.0 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7334. For example, a $20 million construction project would increase the total household earnings in the state by $14,668,000 ($20 million X $.7334). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF NEW HAMPSHIRE'S ECONOMY

- The total construction industry payroll in New Hampshire in 1989 was $739,205,000, 7.6 percent of the state's total private industry payroll.

- In New Hampshire, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 6.5% of the state's gross product in 1982 to 7.3% in 1986. On average in the New England states (CT,ME,MA,NH,RI,VT), construction grew from 3.9% in 1982 to 4.8% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| NEW HAMPSHIRE | 6.5% | 6.8% | 6.3% | 6.9% | 7.3% |
| NEW ENGLAND | 3.9 | 4.1 | 4.3 | 4.5 | 4.8 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN NEW HAMPSHIRE

- In 1990, the value of nonresidential building permits issued for new construction dropped 23.8 percent from 1989, to $185.5 million. Nonresidential remodeling and reconstruction work increased 14.7 percent, to $131 million in 1990. Residential construction authorized by building permits dropped 43.0 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN NEW HAMPSHIRE (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $483,121 | $286,537 | -40.7% |
| Two-Family Buildings | 19,006 | 7,453 | -60.8 |
| Three- and Four-Family Buildings | 10,609 | 2,234 | -78.9 |
| Five-or-more Family Buildings | 48,775 | 23,932 | -50.9 |
| **Total Residential Buildings** | 561,511 | 320,156 | -43.0 |
| **Additions, Alterations, Residential** | 102,561 | 97,308 | -5.1 |
| | | | |
| Hotels, Motels | 19,915 | 981 | -95.1 |
| Other Nonhousekeeping | 1,527 | 275 | -82.0 |
| Amusement, Social, Recreational | 16,478 | 5,772 | -65.0 |
| Churches | 5,840 | 4,803 | -17.8 |
| Industrial Buildings | 39,957 | 33,623 | -15.9 |
| Parking Garages | 3,011 | 10,775 | 257.9 |
| Service Stations, Repair Garages | 4,590 | 2,475 | -46.1 |
| Hospitals, Institutional Buildings | 23,404 | 250 | -98.9 |
| Office, Bank, Professional Buildings | 39,262 | 25,794 | -34.3 |
| Public Works, Utilities Buildings | 4,076 | 6,759 | 65.8 |
| Schools, Educational Buildings | 6,953 | 779 | -88.8 |
| Stores, Customer Services | 52,051 | 76,197 | 46.4 |
| Other Nonresidential Buildings | 17,202 | 11,053 | -35.7 |
| Structures other than Buildings | 9,302 | 5,977 | -35.7 |
| **Total New Nonresidential** | 243,568 | 185,513 | -23.8 |
| Nonresidential Additions, Alterations | 114,318 | 131,133 | 14.7 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# NEW JERSEY ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in New Jersey steadily increased from 131,300 in 1984 to 170,500 in 1988, then declined to 167,500 in 1989.
- Construction employment accounted for 4.5% of the 3.7 million people employed in New Jersey in 1989.
- As of December, 1990, the construction industry in New Jersey employed 145,800 workers, 20,900 fewer than one year earlier (monthly data not seasonally adjusted).

**NEW JERSEY EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 131,300 | 3,329,200 | 3.9 |
| 1985 | 141,000 | 3,414,100 | 4.1 |
| 1986 | 153,400 | 3,490,500 | 4.4 |
| 1987 | 164,400 | 3,581,600 | 4.6 |
| 1988 | 170,500 | 3,659,500 | 4.7 |
| 1989 | 167,500 | 3,709,800 | 4.5 |
| December, 1989 | 166,700 | 3,754,900 | 4.4 |
| December, 1990 | 145,800 | 3,714,400 | 3.9 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Atlantic City | 10,000 | 9,800 | 8,400 |
| Bergen-Passaic | 33,400 | 32,200 | 28,400 |
| Camden | 24,500 | 25,700 | 24,700 |
| Jersey City | 7,000 | 7,000 | 6,200 |
| Middlesex-Somerset-Hunterdon | 23,600 | 23,300 | 22,600 |
| Monmouth-Ocean | 21,200 | 21,800 | 16,100 |
| Newark | 38,600 | 38,700 | 36,100 |
| Trenton | 5,300 | 5,400 | 4,600 |
| Vineland-Millville-Bridgeton | 2,400 | 2,400 | 2,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## NEW JERSEY UNEMPLOYMENT RATE

- In 1990, the unemployment rate in New Jersey was 5.0% (4.1% in 1989, 3.8% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 202,000 people were unemployed in the state. 163,000 people were unemployed in the state in 1989, including 14,000 construction workers.
- The **construction** unemployment rate in New Jersey was 7.1% in 1989 (7.1% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON NEW JERSEY

- Each $1 spent on new construction in New Jersey generates a total of $2.3792 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $47,584,000 increase in the state's economy ($20 million X the 2.3792 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in New Jersey creates 27.7 jobs. For example, a $20 million new construction project would create 554 jobs in the state in construction, supplier, and service industries ($20 X 27.7 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7764. For example, a $20 million construction project would increase the total household earnings in the state by $15,528,000 ($20 million X $.7764). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF NEW JERSEY'S ECONOMY

- The total construction industry payroll in New Jersey in 1989 was $5,359,521,000, 6.5 percent of the state's total private industry payroll.

- In New Jersey, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 4.1% of the state's gross product in 1982 to 4.9% in 1986. On average in the Mideast states (DE,DC,MD,NJ,NY,PA), construction grew from 3.9% in 1982 to 4.5% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| NEW JERSEY | 4.1% | 4.1% | 4.6% | 4.8% | 4.9% |
| MIDEAST | 3.9 | 3.9 | 4.1 | 4.3 | 4.5 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN NEW JERSEY

- In 1990, the value of nonresidential building permits issued for new construction dropped 29.6 percent from 1989, to $1.4 billion. Nonresidential remodeling and reconstruction work increased 14.1 percent, to $772.7 million in 1990.

- Residential construction authorized by building permits dropped 38.4 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN NEW JERSEY (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,738,355 | $1,192,473 | -31.4% |
| Two-Family Buildings | 72,371 | 36,729 | -49.2 |
| Three- and Four-Family Buildings | 18,025 | 6,972 | -61.3 |
| Five-or-more Family Buildings | 443,709 | 162,710 | -63.3 |
| **Total Residential Buildings** | 2,272,460 | 1,398,884 | -38.4 |
| **Additions, Alterations, Residential** | 858,985 | 762,467 | -11.2 |
| Hotels, Motels | 70,100 | 26,305 | -62.5 |
| Other Nonhousekeeping | 12,595 | 2,752 | -78.2 |
| Amusement, Social, Recreational | 25,227 | 25,826 | 2.4 |
| Churches | 52,449 | 18,904 | -64.0 |
| Industrial Buildings | 370,553 | 125,244 | -66.2 |
| Parking Garages | 23,604 | 35,671 | 51.1 |
| Service Stations, Repair Garages | 17,378 | 13,656 | -21.4 |
| Hospitals, Institutional Buildings | 26,501 | 22,855 | -13.8 |
| Office, Bank, Professional Buildings | 520,179 | 327,196 | -37.1 |
| Public Works, Utilities Buildings | 19,966 | 13,857 | -30.6 |
| Schools, Educational Buildings | 13,145 | 72,930 | 454.8 |
| Stores, Customer Services | 366,736 | 372,504 | 1.6 |
| Other Nonresidential Buildings | 69,241 | 57,656 | -16.7 |
| Structures other than Buildings | 53,976 | 57,656 | 6.8 |
| **Total New Nonresidential** | 1,641,650 | 1,155,792 | -29.6 |
| Nonresidential Additions, Alterations | 934,378 | 1,065,745 | 14.1 |

PREPARED BY: THE DRAIS TRUST, ARLINGTON, VA

Bureau of the Census

# NEW MEXICO ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in New Mexico declined from 36,600 in 1984 to 30,600 in 1989.
- In December, 1990, the construction industry in New Mexico employed 1,200 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 7.3% of total state employment in 1984. In 1989, construction accounted for 5.5% of the 560,600 people employed in New Mexico.

**NEW MEXICO EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 36,600 | 502,800 | 7.3 |
| 1985 | 37,500 | 520,700 | 7.2 |
| 1986 | 35,100 | 528,100 | 6.6 |
| 1987 | 32,100 | 529,300 | 6.1 |
| 1988 | 31,000 | 547,500 | 5.7 |
| 1989 | 30,600 | 560,600 | 5.5 |
| December, 1989 | 29,300 | 570,200 | 5.1 |
| December, 1990 | 28,100 | 574,300 | 4.9 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Albuquerque | 14,800 | 13,700 | 11,700 |
| Las Cruces | 2,200 | 2,400 | 2,200 |
| Santa Fe | 2,800 | 2,800 | 2,600 |

Bureau of Labor Statistics, U.S. Department of Labor

## NEW MEXICO UNEMPLOYMENT RATE

- In 1990, the unemployment rate in New Mexico was 6.3% (6.7% in 1989, 8.8% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 44,000 people were unemployed in the state. 46,000 people were unemployed in the state in 1989, including 5,000 construction workers.
- The **construction** unemployment rate in New Mexico was 15.4% in 1989 (17.2% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON NEW MEXICO

- Each $1 spent on new construction in New Mexico generates a total of $2.0005 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $40,010,000 increase in the state's economy ($20 million X the 2.0005 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in New Mexico creates 34.1 jobs. For example, a $20 million new construction project would create 682 jobs in the state in construction, supplier, and service industries ($20 X 34.1 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.6584. For example, a $20 million construction project would increase the total household earnings in the state by $13,168,000.

($20 million X $.6584). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF NEW MEXICO'S ECONOMY

- The total construction industry payroll in New Mexico in 1989 was $545,259,000, 7.3 percent of the state's total private industry payroll.

- In New Mexico, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 6.6% of the state's gross product in 1982 to 6.7% in 1986. On average in the Southwest states (AZ,NM,OK,TX), construction grew from 5.9% in 1982 to 6.1% in 1984, then dropped back to 5.9% by 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| NEW MEXICO | 6.6% | 6.6% | 6.8% | 6.6% | 6.7% |
| SOUTHWEST | 5.9 | 6.0 | 6.1 | 6.0 | 5.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN NEW MEXICO

- In 1990, the value of nonresidential building permits issued for new construction dropped 34.0 percent from 1989, to $144 million. Nonresidential remodeling and reconstruction work dropped 13.3 percent, to $107 million in 1990. Residential construction authorized by building permits increased 5.0 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN NEW MEXICO (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $408,640 | $423,183 | 3.6% |
| Two-Family Buildings | 3,184 | 791 | -75.2 |
| Three- and Four-Family Buildings | 6,753 | 15,620 | 131.3 |
| Five-or-more Family Buildings | 24,907 | 26,284 | 5.5 |
| **Total Residential Buildings** | 443,484 | 465,878 | 5.0 |
| Additions, Alterations, Residential | 55,509 | 66,569 | 19.9 |
| | | | |
| Hotels, Motels | 27,976 | 18,965 | -32.2 |
| Other Nonhousekeeping | 3,724 | 1,378 | -63.0 |
| Amusement, Social, Recreational | 6,981 | 1,523 | -78.2 |
| Churches | 5,066 | 6,192 | 22.2 |
| Industrial Buildings | 28,195 | 16,169 | -42.7 |
| Parking Garages | 0 | 0 | -- |
| Service Stations, Repair Garages | 1,467 | 1,845 | 25.8 |
| Hospitals, Institutional Buildings | 4,313 | 10,800 | 150.4 |
| Office, Bank, Professional Buildings | 56,057 | 20,670 | -63.1 |
| Public Works, Utilities Buildings | 2,455 | 2,176 | -11.4 |
| Schools, Educational Buildings | 4,559 | 15,498 | 239.9 |
| Stores, Customer Services | 57,774 | 28,227 | -51.1 |
| Other Nonresidential Buildings | 17,719 | 17,636 | -0.5 |
| Structures other than Buildings | 1,483 | 2,705 | 82.4 |
| Total New Nonresidential | 217,769 | 143,784 | -34.0 |
| Nonresidential Additions, Alterations | 123,875 | 107,442 | -13.3 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# NEW YORK ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in New York state steadily increased from 255,200 in 1984 to 337,800 in 1988, then declined to 336,100 in 1989. Construction employment was 3.4% of total state employment in 1984. As of 1989, construction accounted for 4.1% of the 8.3 million people employed in New York.

- As of December, 1990, the construction industry in New York employed 37,500 fewer workers than one year earlier (monthly data not seasonally adjusted).

NEW YORK EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 255,200 | 7,572,300 | 3.4 |
| 1985 | 285,600 | 7,750,800 | 3.7 |
| 1986 | 308,900 | 7,904,400 | 3.9 |
| 1987 | 328,800 | 8,059,400 | 4.1 |
| 1988 | 337,800 | 8,186,200 | 4.1 |
| 1989 | 336,100 | 8,265,000 | 4.1 |
| December, 1989 | 328,000 | 8,390,200 | 3.9 |
| December, 1990 | 290,500 | 8,263,800 | 3.5 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Albany-Schenectady-Troy | 20,700 | 20,900 | 19,200 |
| Binghamton | 5,600 | 5,500 | 5,000 |
| Buffalo | 17,400 | 17,800 | 16,800 |
| Elmira | 1,700 | 1,700 | 1,700 |
| Nassau-Suffolk | 60,500 | 58,300 | 50,900 |
| New York PMSA | 153,500 | 152,100 | 134,500 |
| Niagara Falls | 3,500 | 3,800 | 4,100 |
| Orange County | 5,600 | 5,100 | 4,300 |
| Poughkeepsie | 7,000 | 6,700 | 5,700 |
| Rochester | 18,500 | 19,100 | 18,100 |
| Rockland County | 5,000 | 5,100 | 4,700 |
| Syracuse | 15,200 | 16,300 | 13,200 |
| Utica-Rome | 4,100 | 4,200 | 3,100 |
| Westchester County | 26,100 | 24,700 | 21,600 |

Bureau of Labor Statistics, U.S. Department of Labor

## NEW YORK UNEMPLOYMENT RATE

- In 1990, the unemployment rate in New York was 5.2% (5.1% in 1989, 4.3% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).

- In 1990, 451,000 people were unemployed in the state. 442,000 people were unemployed in the state in 1989, including 49,000 construction workers.

- The **construction** unemployment rate in New York was 11.1% in 1989 (8.1% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON NEW YORK

- Each $1 spent on new construction in New York generates a total of $1.9504 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $39,008,000 increase in the state's economy ($20 million X the 1.9504 multiplier). This total includes the original $20 million project.

- Each additional $1 million spent on new construction in New York creates 21.8 jobs. For example, a $20 million new construction project would create 436 jobs in the state in construction, supplier, and service industries ($20 X 21.8 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.6018. For example, a $20 million construction project would increase the total household earnings in the state by $12,036,000 ($20 million X $.6018). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased. Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF NEW YORK'S ECONOMY

- The total construction industry payroll in New York state in 1989 was $10,279,773,000, 5.6 percent of the state's total private industry payroll.

- In New York, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 3.4% of the state's gross product in 1982 to 4.1% in 1986. On average in the Mideast states (DE,DC,MD,NJ,NY,PA), construction grew from 3.9% in 1982 to 4.5% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| NEW YORK | 3.4% | 3.5% | 3.7% | 3.9% | 4.1% |
| MIDEAST | 3.9 | 3.9 | 4.1 | 4.3 | 4.5 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN NEW YORK STATE

- In 1990, the value of nonresidential building permits issued for new construction dropped 20.7 percent from 1989, to $2.0 billion. Nonresidential remodeling and reconstruction work dropped 16.0 percent, to $1.1 billion in 1990. Residential construction authorized by building permits dropped 25.4 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN NEW YORK STATE (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $2,771,426 | $2,179,226 | -21.4% |
| Two-Family Buildings | 166,180 | 136,001 | -18.2 |
| Three- and Four-Family Buildings | 114,057 | 73,311 | -35.7 |
| Five-or-more Family Buildings | 659,319 | 379,819 | -42.4 |
| **Total Residential Buildings** | **3,711,002** | **2,768,357** | **-25.4** |
| **Additions, Alterations, Residential** | **945,413** | **847,617** | **-10.3** |
| | | | |
| Hotels, Motels | 167,588 | 112,707 | -32.7 |
| Other Nonhousekeeping | 59,457 | 13,294 | -77.6 |
| Amusement, Social, Recreational | 61,633 | 72,292 | 17.3 |
| Churches | 36,189 | 40,643 | 12.3 |
| Industrial Buildings | 251,452 | 238,873 | -5.0 |
| Parking Garages | 21,474 | 24,798 | 15.5 |
| Service Stations, Repair Garages | 20,154 | 17,185 | -14.7 |
| Hospitals, Institutional Buildings | 314,705 | 43,947 | -86.0 |
| Office, Bank, Professional Buildings | 502,652 | 318,171 | -36.7 |
| Public Works, Utilities Buildings | 39,832 | 37,973 | -4.7 |
| Schools, Educational Buildings | 108,852 | 81,578 | -25.1 |
| Stores, Customer Services | 659,330 | 738,246 | 12.0 |
| Other Nonresidential Buildings | 125,589 | 122,380 | -2.6 |
| Structures other than Buildings | 96,579 | 92,707 | -4.0 |
| **Total New Nonresidential** | **2,465,486** | **1,954,794** | **-20.7** |
| Nonresidential Additions, Alterations | 1,251,517 | 1,051,279 | -16.0 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# NORTH CAROLINA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in North Carolina increased from 132,600 in 1984 to 165,100 in 1988, then declined to 163,700 in 1989.
- As of December, 1990, the construction industry in North Carolina employed 4,900 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 5.2% of total state employment in 1984. In 1989, construction accounted for 5.3% of the 3,067,800 people employed in North Carolina.

NORTH CAROLINA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 132,600 | 2,565,200 | 5.2 |
| 1985 | 149,200 | 2,651,200 | 5.6 |
| 1986 | 155,200 | 2,744,100 | 5.7 |
| 1987 | 159,100 | 2,862,600 | 5.6 |
| 1988 | 165,100 | 2,986,600 | 5.5 |
| 1989 | 163,700 | 3,067,800 | 5.3 |
| December, 1989 | 164,600 | 3,129,100 | 5.3 |
| December, 1990 | 159,700 | 3,117,500 | 5.1 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Asheville | 4,500 | 4,600 | 4,400 |
| Charlotte-Gastonia-Rock Hill | 36,600 | 36,400 | 37,800 |
| Greensboro-Winston-Salem-High Pt | 25,700 | 24,700 | 24,100 |
| Raleigh-Durham | 22,700 | 22,000 | 21,400 |

Bureau of Labor Statistics, U.S. Department of Labor

## NORTH CAROLINA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in North Carolina was 4.1% (3.5% in 1989, 3.7% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 139,000 people were unemployed in the state. 119,000 people were unemployed in the state in 1989, including 10,000 construction workers.
- The **construction** unemployment rate in North Carolina was 5.4% in 1989 (5.6% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON NORTH CAROLINA

- Each $1 spent on new construction in North Carolina generates a total of $2.3477 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $46,954,000 increase in the state's economy ($20 million X the 2.3477 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in North Carolina creates 38.6 jobs. For example, a $20 million new construction project would create 772 jobs in the state in construction, supplier, and service industries ($20 X 38.6 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7615. For example, a $20 million construction project would increase the total household earnings in the state by $15,230,000 ($20 million X $.7615). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF NORTH CAROLINA'S ECONOMY

- The total construction industry payroll in North Carolina in 1989 was $3,091,267,000, 6.3 percent of the state's total private industry payroll.

- In North Carolina, construction (including homebuilding, nonresidential building and nonbuilding work) rose from 3.2% of the state's gross product in 1982 to 4.0% in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| NORTH CAROLINA | 3.2% | 3.2% | 3.6% | 3.9% | 4.0% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN NORTH CAROLINA

- In 1990, the value of nonresidential building permits issued for new construction decreased 4.4 percent from 1989, to $1.8 billion. Nonresidential remodeling and reconstruction work increased 1.4 percent, to $711 million in 1990. Residential construction authorized by building permits dropped 8.0 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN NORTH CAROLINA (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $2,648,901 | $2,521,258 | -4.8% |
| Two-Family Buildings | 34,501 | 28,764 | -16.6 |
| Three- and Four-Family Buildings | 25,945 | 26,040 | 0.4 |
| Five-or-more Family Buildings | 268,320 | 163,023 | -39.2 |
| **Total Residential Buildings** | 2,977,667 | 2,739,085 | -8.0 |
| Additions, Alterations, Residential | 264,558 | 248,852 | -5.9 |
| | | | |
| Hotels, Motels | 75,060 | 41,545 | -45.0 |
| Other Nonhousekeeping | 7,428 | 2,144 | -71.1 |
| Amusement, Social, Recreational | 54,572 | 32,413 | -40.6 |
| Churches | 58,128 | 65,145 | 12.1 |
| Industrial Buildings | 234,722 | 521,933 | 122.4 |
| Parking Garages | 35,878 | 22,761 | -36.6 |
| Service Stations, Repair Garages | 21,183 | 23,472 | 10.8 |
| Hospitals, Institutional Buildings | 69,032 | 140,865 | 104.1 |
| Office, Bank, Professional Buildings | 409,594 | 368,254 | -10.1 |
| Public Works, Utilities Buildings | 17,393 | 14,006 | -19.5 |
| Schools, Educational Buildings | 32,668 | 79,558 | 143.4 |
| Stores, Customer Services | 427,989 | 338,178 | -21.0 |
| Other Nonresidential Buildings | 80,226 | 93,521 | 16.6 |
| Structures other than Buildings | 32,014 | 41,710 | 30.3 |
| Total New Nonresidential | 1,867,993 | 1,785,505 | -4.4 |
| Nonresidential Additions, Alterations | 701,630 | 711,197 | 1.4 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# NORTH DAKOTA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in North Dakota declined from 13,700 in 1984 to 9,800 in 1989.
- As of December, 1990, the construction industry in North Dakota employed 8,600 workers, 100 more than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 5.4% of total state employment in 1984. In 1989, construction accounted for 3.8% of the quarter of a million people employed in North Dakota.

NORTH DAKOTA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 13,700 | 252,500 | 5.4 |
| 1985 | 11,700 | 252,000 | 4.6 |
| 1986 | 10,800 | 249,900 | 4.3 |
| 1987 | 10,800 | 252,800 | 4.3 |
| 1988 | 9,900 | 256,700 | 3.9 |
| 1989 | 9,800 | 260,300 | 3.8 |
| December, 1989 | 8,500 | 261,800 | 3.2 |
| December, 1990 | 8,600 | 269,000 | 3.2 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Bismarck | 1,700 | 1,700 | 1,900 |
| Fargo-Moorhead | 3,400 | 3,700 | 3,500 |
| Grand Forks | 1,300 | 1,400 | 1,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## NORTH DAKOTA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in North Dakota was 3.9% (4.3% in 1989, 5.3% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 13,000 people were unemployed in the state. 14,000 people were unemployed in the state in 1989, including 2,000 construction workers.
- The **construction** unemployment rate in North Dakota was 16.2% in 1989 (19.3% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON NORTH DAKOTA

- Each $1 spent on new construction in North Dakota generates a total of $1.8488 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $36,976,000 increase in the state's economy ($20 million X the 1.8488 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in North Dakota creates 34.5 jobs. For example, a $20 million new construction project would create 690 jobs in the state in construction, supplier, and service industries ($20 X 34.5 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.5929. For example, a $20 million construction project would increase the total household earnings in the state by $11,858,000.

($20 million X $.5929). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF NORTH DAKOTA'S ECONOMY

- The total construction industry payroll in North Dakota in 1989 was $198,460,000, 6.4 percent of the state's total private industry payroll.

- In North Dakota, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 5.5% of the state's gross product in 1986. On average in the Plains states (IA,KS,MN,MO,NE,ND,SD), construction grew from 3.7% in 1982 to 3.9% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| NORTH DAKOTA | 7.3% | 8.9% | 6.6% | 5.6% | 5.5% |
| PLAINS | 3.7 | 3.8 | 3.8 | 3.8 | 3.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN NORTH DAKOTA

- In 1990, the value of nonresidential building permits issued for new construction decreased 4.4 percent from 1989, to $51 million. Nonresidential remodeling and reconstruction work increased 21.2 percent, to $55 million in 1990.

- Residential construction authorized by building permits dropped 19.5 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN NORTH DAKOTA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $67,886 | $65,732 | -3.2% |
| Two-Family Buildings | 1,627 | 229 | -85.9 |
| Three- and Four-Family Buildings | 1,292 | 856 | -33.7 |
| Five-or-more Family Buildings | 31,125 | 15,192 | -51.2 |
| **Total Residential Buildings** | 101,930 | 82,009 | -19.5 |
| **Additions, Alterations, Residential** | 13,808 | 12,738 | -7.7 |
| Hotels, Motels | 4,500 | 450 | -90.0 |
| Other Nonhousekeeping | 0 | 27 | -- |
| Amusement, Social, Recreational | 799 | 50 | -93.7 |
| Churches | 768 | 881 | 14.7 |
| Industrial Buildings | 8,161 | 4,373 | -46.4 |
| Parking Garages | 384 | 0 | -- |
| Service Stations, Repair Garages | 2,605 | 372 | -85.7 |
| Hospitals, Institutional Buildings | 11,152 | 1,051 | -90.6 |
| Office, Bank, Professional Buildings | 6,197 | 9,961 | 60.7 |
| Public Works, Utilities Buildings | 1,034 | 1,127 | 9.0 |
| Schools, Educational Buildings | 1,275 | 0 | -- |
| Stores, Customer Services | 8,455 | 28,486 | 236.9 |
| Other Nonresidential Buildings | 7,050 | 2,408 | -65.8 |
| Structures other than Buildings | 923 | 1,838 | 99.1 |
| **Total New Nonresidential** | 53,303 | 50,979 | -4.4 |
| **Nonresidential Additions, Alterations** | 45,131 | 54,718 | 21.2 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# OHIO ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Ohio increased from 144,800 in 1984 to 193,100 in 1989.
- As of December, 1990, the construction industry in Ohio employed 2,300 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.4% of total state employment in 1984. In 1989, construction accounted for 4.0% of the 4,817,200 people employed in Ohio.

OHIO EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 144,800 | 4,260,200 | 3.4 |
| 1985 | 154,000 | 4,372,900 | 3.5 |
| 1986 | 160,700 | 4,471,400 | 3.6 |
| 1987 | 176,400 | 4,582,600 | 3.8 |
| 1988 | 185,600 | 4,700,600 | 3.9 |
| 1989 | 193,100 | 4,817,200 | 4.0 |
| December, 1989 | 195,800 | 4,909,600 | 4.0 |
| December, 1990 | 198,100 | 4,987,200 | 4.0 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Akron | 9,700 | 10,000 | 10,200 |
| Canton | 6,300 | 7,100 | 7,300 |
| Cincinnati | 31,600 | 34,300 | 35,000 |
| Cleveland | 29,400 | 32,900 | 33,700 |
| Columbus | 29,200 | 29,400 | 29,600 |
| Dayton-Springfield | 17,200 | 17,800 | 17,200 |
| Toledo | 11,100 | 11,900 | 12,200 |
| Youngstown-Warren | 7,300 | 7,800 | 7,500 |

Bureau of Labor Statistics, U.S. Department of Labor

## OHIO UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Ohio was 5.7% (5.5% in 1989, 5.9% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 307,000 people were unemployed in the state. 300,000 people were unemployed in the state in 1989, including 29,000 construction workers.
- The **construction** unemployment rate in Ohio was 12.4% in 1989 (15.4% in 1988). The **national** average construction unemployment rate increased to 11.1% in 1990 from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON OHIO

- Each $1 spent on new construction in Ohio generates a total of $2.5966 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $51,932,000 increase in the state's economy ($20 million X the 2.5966 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Ohio creates 36.4 jobs. For example, a $20 million new construction project would create 728 jobs in the state in construction, supplier, and service industries ($20 X 36.4 jobs /million).

- For each $1 of new construction, the earnings of households in the state is increased by $.8116. For example, a $20 million construction project would increase the total household earnings in the state by $16,232,000 ($20 million X $.8116). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF OHIO'S ECONOMY

- The total construction industry payroll in Ohio in 1989 was $4,820,657,000, 5.5 percent in the state's total private industry payroll.

- In Ohio, construction (including homebuilding, nonresidential building and nonbuilding work) has remained essentially constant at 3.2% of the state's gross product in 1982 and in 1986. In the Great Lakes region (IL,IN,MI,OH,WI), construction increased from 3.5% of the region's economy in 1982 to 3.6% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| OHIO | 3.2% | 3.1% | 3.2% | 3.2% | 3.2% |
| GREAT LAKES | 3.5 | 3.4 | 3.4 | 3.5 | 3.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN OHIO

- In 1990, the value of nonresidential building permits issued for new construction dropped 14.9 percent from 1989, to $1.6 billion. Nonresidential remodeling and reconstruction work increased 14.0 percent, to $1.3 billion in 1990. Residential construction authorized by building permits increased 2.0 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN OHIO (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $2,600,937 | $2,798,540 | 7.6% |
| Two-Family Buildings | 70,475 | 38,367 | -45.6 |
| Three- and Four-Family Buildings | 68,607 | 46,901 | -31.6 |
| Five-or-more Family Buildings | 339,944 | 256,856 | -24.4 |
| **Total Residential Buildings** | 3,079,963 | 3,140,664 | 2.0 |
| Additions, Alterations, Residential | 340,829 | 422,741 | 24.0 |
| | | | |
| Hotels, Motels | 71,070 | 48,791 | -31.3 |
| Other Nonhousekeeping | 9,557 | 9,704 | 1.5 |
| Amusement, Social, Recreational | 39,751 | 103,674 | 160.1 |
| Churches | 32,391 | 34,255 | 5.8 |
| Industrial Buildings | 407,889 | 237,162 | -41.9 |
| Parking Garages | 67,241 | 22,296 | -66.8 |
| Service Stations, Repair Garages | 24,902 | 25,893 | 4.0 |
| Hospitals, Institutional Buildings | 57,990 | 101,118 | 74.4 |
| Office, Bank, Professional Buildings | 569,819 | 446,838 | -21.6 |
| Public Works, Utilities Buildings | 27,865 | 21,421 | -23.1 |
| Schools, Educational Buildings | 20,386 | 31,014 | 52.1 |
| Stores, Customer Services | 449,279 | 462,647 | 3.0 |
| Other Nonresidential Buildings | 108,938 | 61,579 | -43.5 |
| Structures other than Buildings | 30,986 | 25,781 | -16.5 |
| **Total New Nonresidential** | 1,918,064 | 1,632,173 | -14.9 |
| Nonresidential Additions, Alterations | 1,173,947 | 1,338,797 | 14.0 |

PREPARED BY THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# OKLAHOMA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Oklahoma declined from 52,300 in 1984 to 35,000 in 1989.
- As of December, 1990, the construction industry in Oklahoma employed 1,100 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.4% of total state employment in 1984. In 1989, construction accounted for 3.0% of the over 1.1 million people employed in Oklahoma.

OKLAHOMA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 52,300 | 1,180,300 | 4.4 |
| 1985 | 45,100 | 1,165,300 | 3.9 |
| 1986 | 38,000 | 1,124,400 | 3.4 |
| 1987 | 34,600 | 1,108,500 | 3.1 |
| 1988 | 35,100 | 1,131,500 | 3.1 |
| 1989 | 35,000 | 1,154,000 | 3.0 |
| December, 1989 | 34,800 | 1,169,200 | 3.0 |
| December, 1990 | 35,900 | 1,179,800 | 3.0 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Enid | 800 | 600 | 600 |
| Lawton | 1,100 | 1,100 | 900 |
| Oklahoma City | 12,300 | 11,500 | 12,400 |
| Tulsa | 10,100 | 10,500 | 11,500 |

Bureau of Labor Statistics, U.S. Department of Labor

## OKLAHOMA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Oklahoma was 5.6% (5.6% in 1989, 6.8% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 86,000 people were unemployed in the state. 85,000 people were unemployed in the state in 1989, including 7,000 construction workers.
- The **construction** unemployment rate in Oklahoma was 14.0% in 1989 (17.6% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON OKLAHOMA

- Each $1 spent on new construction in Oklahoma generates a total of $2.2068 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $44,136,000 increase in the state's economy ($20 million X the 2.2068 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Oklahoma creates 35.1 jobs. For example, a $20 million new construction project would create 702 jobs in the state in construction, supplier, and service industries ($20 X 35.1 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7005. For example, a $20 million construction project would increase the total household earnings in the state by $14,010,000 ($20 million X $.7005). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE OKLAHOMA ECONOMY

- The total construction industry payroll in Oklahoma in 1989 was $739,296,000, 4.3 percent of the state's total private industry payroll.

- In Oklahoma, construction (including homebuilding, nonresidential building and nonbuilding work) declined from 4.7% of the state's gross product in 1982 to 4.3% in 1986. On average in the Southwest states (AZ,NM,OK,TX), construction grew from 5.9% in 1982 to 6.1% in 1984, and then dropped back to 5.9% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| OKLAHOMA | 4.7% | 4.7% | 4.8% | 4.4% | 4.3% |
| SOUTHWEST | 5.9 | 6.0 | 6.1 | 6.0 | 5.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN OKLAHOMA

- In 1990, the value of nonresidential building permits issued for new construction increased 24.4 percent from 1989, to $267 million. Nonresidential remodeling and reconstruction work dropped only slightly, 1.0 percent, to $153 million in 1990. Residential construction authorized by building permits dropped 6.7 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN OKLAHOMA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $371,755 | $363,667 | -2.2% |
| Two-Family Buildings | 3,354 | 556 | -83.4 |
| Three- and Four-Family Buildings | 2,414 | 68 | -97.2 |
| Five-or-more Family Buildings | 29,223 | 15,147 | -48.2 |
| **Total Residential Buildings** | 406,746 | 379,438 | -6.7 |
| Additions, Alterations, Residential | 45,710 | 44,073 | -3.6 |
| | | | |
| Hotels, Motels | 1,785 | 706 | -60.4 |
| Other Nonhousekeeping | 4,217 | 303 | -92.8 |
| Amusement, Social, Recreational | 6,017 | 15,923 | 164.6 |
| Churches | 12,753 | 8,071 | -36.7 |
| Industrial Buildings | 31,480 | 41,581 | 32.1 |
| Parking Garages | 5,661 | 9,076 | 60.3 |
| Service Stations, Repair Garages | 5,598 | 3,425 | -38.8 |
| Hospitals, Institutional Buildings | 12,787 | 9,685 | -24.3 |
| Office, Bank, Professional Buildings | 44,351 | 45,753 | 3.2 |
| Public Works, Utilities Buildings | 4,139 | 48,479 | 1071.3 |
| Schools, Educational Buildings | 13,904 | 9,404 | -32.4 |
| Stores, Customer Services | 55,160 | 58,275 | 5.6 |
| Other Nonresidential Buildings | 10,396 | 8,956 | -13.9 |
| Structures other than Buildings | 6,562 | 7,505 | 14.4 |
| **Total New Nonresidential** | 214,810 | 267,142 | 24.4 |
| Nonresidential Additions, Alterations | 154,249 | 152,756 | -1.0 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# OREGON STATE ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Oregon has increased from 30,200 in 1984 to 45,200 in 1989.
- As of December, 1990, Oregon's construction industry employed 4,600 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.0% of total state employment in 1984. In 1989, construction accounted for 3.7% of the 1.2 million people employed in Oregon.

OREGON EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 30,200 | 1,006,900 | 3.0 |
| 1985 | 33,100 | 1,030,000 | 3.2 |
| 1986 | 34,300 | 1,058,500 | 3.2 |
| 1987 | 35,300 | 1,100,100 | 3.2 |
| 1988 | 39,900 | 1,156,000 | 3.5 |
| 1989 | 45,200 | 1,206,600 | 3.7 |
| December, 1989 | 45,100 | 1,230,100 | 3.7 |
| December, 1990 | 49,700 | 1,260,000 | 3.9 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Eugene-Springfield | 3,400 | 3,900 | 4,000 |
| Portland | 22,000 | 25,600 | 26,400 |
| Salem | 3,500 | 4,100 | 4,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## OREGON UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Oregon was 5.5% (5.7% in 1989, 6.8% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 82,000 people were unemployed in the state. 84,000 people were unemployed in the state in 1989, including 6,000 construction workers.
- The **construction** unemployment rate in Oregon was 11.5% in 1989 (10.6% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON OREGON

- Each $1 spent on new construction in Oregon generates a total of $2.2797 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $45,594,000 increase in the state's economy ($20 million X the 2.2797 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Oregon creates 35.9 jobs. For example, a $20 million new construction project would create 718 jobs in the state in construction, supplier, and service industries ($20 X 35.9 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7394. For example, a $20 million construction project would increase the total household earnings in the state by $14,788,000 ($20 million X $.7394). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF OREGON'S ECONOMY

- The total construction industry payroll in Oregon in 1989 was $1,098,013,000, 5.6 percent of the state's total private industry payroll.

- In Oregon, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 3.3% of the state's gross product in 1986. For the entire Far West region (CA,NV,OR,WA,AK,HI), construction comprises 4.6% of the economy. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

**CONSTRUCTION'S SHARE OF GROSS PRODUCT**

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| OREGON | 3.4% | 3.0% | 3.1% | 3.2% | 3.3% |
| FAR WEST | 4.5 | 4.3 | 4.5 | 4.5 | 4.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN OREGON

- In 1990, the value of nonresidential building permits issued for new construction dropped 13.1 percent from 1989, to $513 million. Nonresidential remodeling and reconstruction work increased 30.6 percent, to $363 million in 1990. Residential construction authorized by building permits increased 18.2 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN OREGON (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,028,292 | $1,312,162 | 27.6% |
| Two-Family Buildings | 25,451 | 15,847 | -37.7 |
| Three- and Four-Family Buildings | 24,122 | 43,260 | 79.3 |
| Five-or-more Family Buildings | 322,991 | 284,036 | -12.1 |
| **Total Residential Buildings** | 1,400,856 | 1,655,305 | 18.2 |
| **Additions, Alterations, Residential** | 95,448 | 116,954 | 22.5 |
| | | | |
| Hotels, Motels | 39,792 | 16,914 | -57.5 |
| Other Nonhousekeeping | 567 | 2,176 | 283.8 |
| Amusement, Social, Recreational | 14,263 | 26,426 | 85.3 |
| Churches | 8,389 | 10,792 | 28.6 |
| Industrial Buildings | 122,279 | 148,722 | 21.6 |
| Parking Garages | 2,189 | 8,634 | 294.4 |
| Service Stations, Repair Garages | 5,705 | 4,213 | -26.2 |
| Hospitals, Institutional Buildings | 15,196 | 12,451 | -18.1 |
| Office, Bank, Professional Buildings | 166,616 | 95,902 | -42.4 |
| Public Works, Utilities Buildings | 10,255 | 3,112 | -69.7 |
| Schools, Educational Buildings | 5,672 | 15,601 | 175.1 |
| Stores, Customer Services | 156,208 | 103,405 | -33.8 |
| Other Nonresidential Buildings | 33,036 | 56,868 | 72.1 |
| Structures other than Buildings | 10,071 | 7,909 | -21.5 |
| **Total New Nonresidential** | 590,238 | 513,125 | -13.1 |
| **Nonresidential Additions, Alterations** | 277,705 | 362,733 | 30.6 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# PENNSYLVANIA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Pennsylvania has steadily increased from 175,800 in 1984 to 235,300 in 1989. As of December, 1990, the construction industry in Pennsylvania employed 2,200 fewer workers than one year earlier (monthly data not seasonally adjusted).

- Construction employment was 3.8% of total state employment in 1984. In 1989, construction accounted for 4.6% of the more than 5 million people employed in Pennsylvania.

**PENNSYLVANIA EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 175,800 | 4,654,800 | 3.8 |
| 1985 | 187,100 | 4,730,300 | 4.0 |
| 1986 | 201,800 | 4,790,900 | 4.2 |
| 1987 | 218,300 | 4,915,100 | 4.4 |
| 1988 | 229,600 | 5,041,700 | 4.6 |
| 1989 | 235,300 | 5,115,000 | 4.6 |
| December, 1989 | 233,900 | 5,169,500 | 4.5 |
| December, 1990 | 231,700 | 5,169,300 | 4.5 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Allentown-Bethlehem | 13,700 | 13,600 | 12,800 |
| Altoona | 2,500 | 2,500 | 2,400 |
| Beaver County | 2,300 | 2,500 | 2,300 |
| Erie | 3,600 | 3,700 | 3,900 |
| Harrisburg-Lebanon-Carlisle | 13,400 | 14,100 | 15,000 |
| Johnstown | 2,800 | 2,900 | 2,800 |
| Lancaster | 11,300 | 12,000 | 12,200 |
| Philadelphia, PA-NJ | 105,400 | 103,700 | 101,300 |
| Pittsburgh | 41,400 | 41,900 | 39,500 |
| Reading | 7,100 | 7,200 | 7,700 |
| Scranton-Wilkes-Barre | 13,600 | 14,600 | 13,800 |
| Sharon | 1,300 | 1,400 | 1,400 |
| State College | 2,500 | 3,000 | 3,000 |
| Williamsport | 2,200 | 2,500 | 2,700 |
| York | 9,800 | 10,700 | 10,600 |

Bureau of Labor Statistics, U.S. Department of Labor

## PENNSYLVANIA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Pennsylvania was 5.4% (4.5% in 1989, 5.1% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).

- In 1990, 318,000 people were unemployed in the state. 264,000 people were unemployed in the state in 1989, including 33,000 construction workers.

- The **construction** unemployment rate in Pennsylvania was 10.5% in 1989 (10.0% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON PENNSYLVANIA

- Each $1 spent on new construction in Pennsylvania generates a total of $2.6240 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $52,480,000 increase in the state's economy ($20 million X the 2.6240 multiplier). This total includes the original $20 million project.

- Each additional $1 million spent on new construction in Pennsylvania creates 34.6 jobs. For example, a $20 million new construction project would create 692 jobs in the state in construction, supplier, and service industries ($20 X 34.6 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.8369. For example, a $20 million construction project would increase the total household earnings in the state by $16,738,000 ($20 million X $.8369). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased. Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF PENNSYLVANIA'S ECONOMY

- The total construction industry payroll in Pennsylvania in 1989 was $6,148,441,000, 6.4 percent of the state's total private industry payroll.

- In Pennsylvania, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 3.8% of the state's gross product in 1982 to 4.1% in 1986. On average in the Mideast states (DE,DC,MD,NJ,NY,PA), construction grew from 3.9% in 1982 to 4.5% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| PENNSYLVANIA | 3.8% | 3.8% | 3.8% | 3.8% | 4.1% |
| MIDEAST | 3.9 | 3.9 | 4.1 | 4.3 | 4.5 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN PENNSYLVANIA

- In 1990, the value of nonresidential building permits issued for new construction decreased 4.7 percent from 1989, to $2.1 billion. Nonresidential remodeling and reconstruction work dropped 20.0 percent, to $843 million in 1990. Residential construction authorized by building permits dropped 16.8 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN PENNSYLVANIA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $3,097,316 | $2,632,374 | -15.0% |
| Two-Family Buildings | 24,974 | 18,459 | -26.1 |
| Three- and Four-Family Buildings | 46,847 | 27,158 | -42.0 |
| Five-or-more Family Buildings | 255,305 | 171,498 | -32.8 |
| **Total Residential Buildings** | 3,424,442 | 2,849,489 | -16.8 |
| **Additions, Alterations, Residential** | 536,136 | 579,362 | 8.1 |
| Hotels, Motels | 99,634 | 77,841 | -21.9 |
| Other Nonhousekeeping | 22,338 | 13,418 | -39.9 |
| Amusement, Social, Recreational | 37,116 | 43,657 | 17.6 |
| Churches | 48,940 | 35,559 | -27.3 |
| Industrial Buildings | 396,655 | 409,642 | 3.3 |
| Parking Garages | 36,384 | 21,866 | -39.9 |
| Service Stations, Repair Garages | 31,588 | 19,699 | -37.6 |
| Hospitals, Institutional Buildings | 101,198 | 140,151 | 38.5 |
| Office, Bank, Professional Buildings | 583,485 | 612,986 | 5.1 |
| Public Works, Utilities Buildings | 212,433 | 64,464 | -69.7 |
| Schools, Educational Buildings | 62,731 | 63,612 | 1.4 |
| Stores, Customer Services | 447,825 | 490,700 | 9.6 |
| Other Nonresidential Buildings | 118,561 | 110,993 | -6.4 |
| Structures other than Buildings | 54,832 | 43,717 | -20.3 |
| **Total New Nonresidential** | 2,253,720 | 2,148,305 | -4.7 |
| Nonresidential Additions, Alterations | 1,054,002 | 843,361 | -20.0 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# RHODE ISLAND ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Rhode Island increased from 13,300 in 1984 to 21,200 in 1988, then declined to 20,100 in 1989.
- As of December, 1990, the construction industry in Rhode Island employed 3,200 fewer employees than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.2% of total state employment in 1984. In 1989, construction accounted for 4.4% of the 461,000 people employed in Rhode Island.

RHODE ISLAND EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 13,300 | 416,400 | 3.2 |
| 1985 | 15,200 | 429,200 | 3.5 |
| 1986 | 17,400 | 442,500 | 3.9 |
| 1987 | 19,600 | 451,900 | 4.3 |
| 1988 | 21,200 | 459,400 | 4.6 |
| 1989 | 20,100 | 461,000 | 4.4 |
| December, 1989 | 19,400 | 463,400 | 4.2 |
| December, 1990 | 16,200 | 451,400 | 3.6 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Pawtucket-Woonsocket-Attleboro | 6,000 | 5,300 | 4,200 |
| Providence | 15,400 | 15,100 | 13,500 |

Bureau of Labor Statistics, U.S. Department of Labor

## RHODE ISLAND UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Rhode Island was 6.7% (4.1% in 1989, 3.0% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 35,000 people were unemployed in the state. 21,000 people were unemployed in the state in 1989, including 2,000 construction workers.
- The **construction** unemployment rate in Rhode Island was 10.0% in 1989 (6.8% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON RHODE ISLAND

- Each $1 spent on new construction in Rhode Island generates a total of $2.0281 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $40,562,000 increase in the state's economy ($20 million X the 2.0281 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Rhode Island creates 30.5 jobs. For example, a $20 million new construction project would create 610 jobs in the state in construction, supplier, and service industries ($20 X 30.5 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.6912. For example, a $20 million construction project would increase the total household earnings in the state by $13,824,000 ($20 million X $.6912). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF RHODE ISLAND'S ECONOMY

- The total construction industry payroll in Rhode Island in 1989 was $539,280,000, 6.6 percent of the state's total private industry payroll.

- In Rhode Island, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 2.1% of the state's gross product in 1982 to 2.7% in 1986. On average in the New England states (CT,ME,MA,NH,RI,VT), construction grew from 3.9% in 1982 to 4.8% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| RHODE ISLAND | 2.1% | 2.2% | 2.3% | 2.5% | 2.7% |
| NEW ENGLAND | 3.9 | 4.1 | 4.3 | 4.5 | 4.8 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN RHODE ISLAND

- In 1990, the value of nonresidential building permits issued for new construction dropped 58.1 percent from 1989, to $60 million. Nonresidential remodeling and reconstruction work increased 1.2% to $71 million in 1990. Residential construction authorized by building permits dropped 19.2 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN RHODE ISLAND (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $251,587 | $210,283 | -16.4% |
| Two-Family Buildings | 14,372 | 11,830 | -17.7 |
| Three- and Four-Family Buildings | 9,855 | 1,500 | -84.8 |
| Five-or-more Family Buildings | 12,559 | 9,311 | -25.9 |
| Total Residential Buildings | 288,373 | 232,924 | -19.2 |
| Additions, Alterations, Residential | 82,385 | 71,261 | -13.5 |
| | | | |
| Hotels, Motels | 11,212 | 198 | -98.2 |
| Other Nonhousekeeping | 80 | 3,885 | 4756.3 |
| Amusement, Social, Recreational | 1,183 | 425 | -64.1 |
| Churches | 2,045 | 1,141 | -44.2 |
| Industrial Buildings | 34,700 | 6,556 | -81.1 |
| Parking Garages | 10 | 0 | -- |
| Service Stations, Repair Garages | 3,410 | 2,118 | -37.9 |
| Hospitals, Institutional Buildings | 925 | 7,422 | 702.4 |
| Office, Bank, Professional Buildings | 20,548 | 10,398 | -49.4 |
| Public Works, Utilities Buildings | 2,462 | 412 | -83.3 |
| Schools, Educational Buildings | 7,198 | 1,445 | -79.9 |
| Stores, Customer Services | 43,755 | 15,609 | -64.3 |
| Other Nonresidential Buildings | 10,123 | 6,470 | -36.1 |
| Structures other than Buildings | 6,396 | 4,322 | -32.4 |
| Total New Nonresidential | 144,047 | 60,401 | -58.1 |
| Nonresidential Additions, Alterations | 70,246 | 71,060 | 1.2 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# SOUTH CAROLINA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in South Carolina steadily increased from 80,800 in 1984 to 93,000 in 1989.
- As of December, 1990, the construction industry in South Carolina employed 6,100 more people than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 6.4% of total state employment in 1984. In 1989, construction accounted for 6.2% of the 1,502,400 people employed in South Carolina.

SOUTH CAROLINA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 80,800 | 1,262,500 | 6.4 |
| 1985 | 83,800 | 1,296,200 | 6.5 |
| 1986 | 87,800 | 1,338,000 | 6.6 |
| 1987 | 86,700 | 1,392,200 | 6.2 |
| 1988 | 90,700 | 1,448,500 | 6.3 |
| 1989 | 93,000 | 1,502,400 | 6.2 |
| December, 1989 | 97,400 | 1,534,400 | 6.3 |
| December, 1990 | 103,500 | 1,570,400 | 6.6 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Charleston | 13,400 | 13,400 | 14,600 |
| Columbia | 14,400 | 14,200 | 17,200 |
| Greenville-Spartanburg | 22,900 | 23,200 | 23,700 |

Bureau of Labor Statistics, U.S. Department of Labor

## SOUTH CAROLINA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in South Carolina was 4.7% (4.7% in 1989, 4.3% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 81,000 people were unemployed in the state. 80,000 people were unemployed in the state in 1989, including 10,000 construction workers.
- The **construction** unemployment rate in South Carolina was 9.5% in 1989 (8.2% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON SOUTH CAROLINA

- Each $1 spent on new construction in South Carolina generates a total of $2.2872 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $45,744,000 increase in the state's economy ($20 million X the 2.2872 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in South Carolina creates 40.5 jobs. For example, a $20 million new construction project would create 810 jobs in the state in construction, supplier, and service industries ($20 X 40.5 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7439. For example, a $20 million construction project would increase the total household earnings in the state by $14,878,000 ($20 million X $.7439). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF SOUTH CAROLINA'S ECONOMY

- The total construction industry payroll in South Carolina in 1989 was $1,831,273,000, 8.3 percent of the state's total private industry payroll.

- In South Carolina, construction (including homebuilding, nonresidential building and nonbuilding work) rose from 3.6% of the state's gross product in 1982 to 4.0% in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| SOUTH CAROLINA | 3.6% | 3.7% | 3.9% | 3.9% | 4.0% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN SOUTH CAROLINA

- In 1990, the value of nonresidential building permits issued for new construction increased 11.3 percent from 1989, to $855 million. Nonresidential remodeling and reconstruction work dropped 9.3 percent, to $308 million in 1990. Residential construction authorized by building permits decreased 2.8 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN SOUTH CAROLINA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,194,443 | $1,190,166 | -0.4% |
| Two-Family Buildings | 15,668 | 13,131 | -16.2 |
| Three- and Four-Family Buildings | 15,577 | 8,850 | -43.2 |
| Five-or-more Family Buildings | 113,047 | 89,051 | -21.2 |
| **Total Residential Buildings** | 1,338,735 | 1,301,198 | -2.8 |
| **Additions, Alterations, Residential** | 136,260 | 150,594 | 10.5 |
| | | | |
| Hotels, Motels | 33,146 | 28,723 | -13.3 |
| Other Nonhousekeeping | 8,305 | 2,783 | -66.5 |
| Amusement, Social, Recreational | 30,548 | 23,179 | -24.1 |
| Churches | 40,738 | 60,407 | 48.3 |
| Industrial Buildings | 124,512 | 169,863 | 36.4 |
| Parking Garages | 300 | 2,545 | 748.3 |
| Service Stations, Repair Garages | 10,038 | 13,425 | 33.7 |
| Hospitals, Institutional Buildings | 49,656 | 15,596 | -68.6 |
| Office, Bank, Professional Buildings | 146,931 | 136,419 | -7.2 |
| Public Works, Utilities Buildings | 10,680 | 19,716 | 84.6 |
| Schools, Educational Buildings | 13,591 | 27,469 | 102.1 |
| Stores, Customer Services | 230,667 | 297,790 | 29.1 |
| Other Nonresidential Buildings | 41,669 | 39,303 | -5.7 |
| Structures other than Buildings | 27,467 | 17,619 | -35.9 |
| **Total New Nonresidential** | 768,248 | 854,837 | 11.3 |
| **Nonresidential Additions, Alterations** | 339,816 | 308,265 | -9.3 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# SOUTH DAKOTA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in South Dakota increased from 9,300 in 1984 to 10,100 in 1989.
- In December, 1990, the construction industry in South Dakota employed 300 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.8% of total state employment in 1984. In 1989, construction accounted for 3.7% of the 274,900 people employed in South Dakota.

SOUTH DAKOTA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 9,300 | 247,000 | 3.8 |
| 1985 | 9,500 | 249,400 | 3.8 |
| 1986 | 9,600 | 251,900 | 3.8 |
| 1987 | 9,600 | 256,900 | 3.7 |
| 1988 | 9,500 | 266,100 | 3.6 |
| 1989 | 10,100 | 274,900 | 3.7 |
| December, 1989 | 9,400 | 277,700 | 3.4 |
| December, 1990 | 9,700 | 285,100 | 3.4 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Rapid City | 1,700 | 1,800 | 1,900 |
| Sioux Falls | 2,900 | 3,100 | 3,200 |

Bureau of Labor Statistics, U.S. Department of Labor

## SOUTH DAKOTA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in South Dakota was 3.7% (4.2% in 1989, 4.3% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 13,000 people were unemployed in the state. 15,000 people were unemployed in the state in 1989, including 2,000 construction workers.
- The construction unemployment rate in South Dakota was 15.4% in 1989 (13.9% in 1988). The national average construction unemployment rate increased to 11.1% in 1990 from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON SOUTH DAKOTA

- Each $1 spent on new construction in South Dakota generates a total of $1.9451 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $38,902,000 increase in the state's economy ($20 million X the 1.9451 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in South Dakota creates 37.9 jobs. For example, a $20 million new construction project would create 758 jobs in the state in construction, supplier, and service industries ($20 X 37.9 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.6503. For example, a $20 million construction project would increase the total household earnings in the state by $13,006,000 ($20 million X $.6503). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF SOUTH DAKOTA'S ECONOMY

- The total construction industry payroll in South Dakota in 1989 was $188,936,000, 6.0 percent of the state's total private industry payroll.

- In South Dakota, construction (including homebuilding, nonresidential building and nonbuilding work) comprised 3.8% of the state's gross product in 1986. On average in the Plains states (IA,KS,MN,MO,NE,ND,SD), construction grew from 3.7% in 1982 to 3.9% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| SOUTH DAKOTA | 3.6% | 3.7% | 3.7% | 3.8% | 3.8% |
| PLAINS | 3.7 | 3.8 | 3.8 | 3.8 | 3.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN SOUTH DAKOTA

- In 1990, the value of nonresidential building permits issued for new construction increased 27.5 percent from 1989, to $116 million. Nonresidential remodeling and reconstruction work dropped 20.9 percent, to $58 million in 1990. Residential construction authorized by building permits increased 39.3 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN SOUTH DAKOTA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $77,773 | $92,206 | 18.6% |
| Two-Family Buildings | 1,562 | 4,843 | 210.1 |
| Three- and Four-Family Buildings | 2,369 | 24,191 | 921.1 |
| Five-or-more Family Buildings | 24,033 | 26,093 | 8.6 |
| **Total Residential Buildings** | 105,737 | 147,333 | 39.3 |
| **Additions, Alterations, Residential** | 14,362 | 16,047 | 11.7 |
| | | | |
| Hotels, Motels | 12,471 | 7,802 | -37.4 |
| Other Nonhousekeeping | 769 | 637 | -17.2 |
| Amusement, Social, Recreational | 2,239 | 4,660 | 108.1 |
| Churches | 2,238 | 5,388 | 140.8 |
| Industrial Buildings | 9,239 | 10,572 | 14.4 |
| Parking Garages | 327 | 954 | 191.7 |
| Service Stations, Repair Garages | 1,545 | 4,284 | 177.3 |
| Hospitals, Institutional Buildings | 844 | 780 | -7.6 |
| Office, Bank, Professional Buildings | 12,125 | 11,136 | -8.2 |
| Public Works, Utilities Buildings | 2,781 | 10,799 | 288.3 |
| Schools, Educational Buildings | 3,919 | 12,715 | 224.4 |
| Stores, Customer Services | 31,212 | 33,345 | 6.8 |
| Other Nonresidential Buildings | 8,914 | 9,830 | 10.3 |
| Structures other than Buildings | 2,028 | 2,668 | 31.6 |
| **Total New Nonresidential** | 90,651 | 115,570 | 27.5 |
| **Nonresidential Additions, Alterations** | 73,074 | 57,799 | -20.9 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# TENNESSEE ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Tennessee increased from 78,300 in 1984 to 97,400 in 1989.
- As of December, 1990, the construction industry in Tennessee employed 4,300 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.3% of total state employment in 1984. In 1989, construction accounted for 4.5% of the 2,153,400 people employed in Tennessee.

TENNESSEE EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| *1984* | *78,300* | *1,812,000* | *4.3* |
| 1985 | 85,600 | 1,867,800 | 4.6 |
| 1986 | 90,000 | 1,929,800 | 4.7 |
| 1987 | 95,200 | 2,011,600 | 4.7 |
| 1988 | 96,700 | 2,092,100 | 4.6 |
| 1989 | 97,400 | 2,153,400 | 4.5 |
| December, 1989 | 98,400 | 2,181,200 | 4.5 |
| December, 1990 | 94,100 | 2,173,900 | 4.3 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Chattanooga | 8,000 | 7,800 | 8,400 |
| Johnson City-Kingsport-Bristol | 7,400 | 7,600 | 7,900 |
| Knoxville | 13,600 | 15,000 | 14,100 |
| Memphis, TN-AR-MS | 19,600 | 19,100 | 19,400 |
| Nashville | 27,500 | 24,900 | 24,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## TENNESSEE UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Tennessee was 5.2% (5.1% in 1989, 5.8% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 125,000 people were unemployed in the state. 121,000 people were unemployed in the state in 1989, including 11,000 construction workers.
- The **construction** unemployment rate in Tennessee was 8.3% in 1989 (10.8% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON TENNESSEE

- Each $1 spent on new construction in Tennessee generates a total of $2.4883 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $49,766,000 increase in the state's economy ($20 million X the 2.4883 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Tennessee creates 39.1 jobs. For example, a $20 million new construction project would create 782 jobs in the state in construction, supplier, and service industries ($20 X 39.1 jobs million).

- For each $1 of new construction, the earnings of households in the state is increased by $.8040. For example, a $20 million construction project would increase the total household earnings in the state by $16,080,000 ($20 million X $.8040). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF TENNESSEE'S ECONOMY

- The total construction industry payroll in Tennessee in 1989 was $2,055,734,000, 5.9 percent of the state's total private industry payroll.

- In Tennessee, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 4.1% of the state's gross product in 1982 to 4.4% in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| TENNESSEE | 4.1% | 3.9% | 4.1% | 4.2% | 4.4% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN TENNESSEE

- In 1990, the value of nonresidential building permits issued for new construction decreased 6.9 percent from 1989, to $930 million. Nonresidential remodeling and reconstruction work increased 5.3 percent, to $539 million in 1990. Residential construction authorized by building permits dropped 2.5 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN TENNESSEE (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,284,175 | $1,318,085 | 2.6% |
| Two-Family Buildings | 19,698 | 15,347 | -22.1 |
| Three- and Four-Family Buildings | 17,423 | 8,825 | -49.3 |
| Five-or-more Family Buildings | 129,497 | 72,476 | -44.0 |
| **Total Residential Buildings** | 1,450,793 | 1,414,733 | -2.5 |
| Additions, Alterations, Residential | 123,217 | 138,631 | 12.5 |
| | | | |
| Hotels, Motels | 59,387 | 59,385 | 0.0 |
| Other Nonhousekeeping | 3,596 | 5,219 | 45.1 |
| Amusement, Social, Recreational | 39,904 | 43,309 | 8.5 |
| Churches | 36,410 | 34,985 | -3.9 |
| Industrial Buildings | 145,331 | 145,188 | -0.1 |
| Parking Garages | 10,997 | 42,664 | 288.0 |
| Service Stations, Repair Garages | 15,854 | 8,553 | -46.1 |
| Hospitals, Institutional Buildings | 42,917 | 89,078 | 107.6 |
| Office, Bank, Professional Buildings | 215,810 | 191,310 | -11.4 |
| Public Works, Utilities Buildings | 5,091 | 11,067 | 117.4 |
| Schools, Educational Buildings | 17,666 | 24,541 | 38.9 |
| Stores, Customer Services | 341,846 | 220,687 | -35.4 |
| Other Nonresidential Buildings | 42,116 | 39,769 | -5.6 |
| Structures other than Building | 21,354 | 13,927 | -34.8 |
| **Total New Nonresidential** | 998,279 | 929,682 | -6.9 |
| Nonresidential Additions, Alterations | 512,217 | 539,178 | 5.3 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA

Bureau of the Census

# TEXAS ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Texas has declined from 446,300 in 1984 to 315,200 in 1989.
- As of December, 1990, the construction industry in Texas employed 11,000 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 6.9% of total state employment in 1984. In 1989, construction accounted for 4.6% of the 6.8 million people employed in Texas.

### TEXAS EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 446,300 | 6,492,400 | 6.9 |
| 1985 | 443,800 | 6,663,100 | 6.7 |
| 1986 | 404,200 | 6,564,200 | 6.2 |
| 1987 | 345,300 | 6,516,900 | 5.3 |
| 1988 | 328,800 | 6,677,800 | 4.9 |
| 1989 | 315,200 | 6,809,600 | 4.6 |
| December, 1889 | 315,300 | 6,904,700 | 4.6 |
| December, 1990 | 326,300 | 7,022,200 | 4.6 |

Bureau of Labor Statistics, U.S. Department of Labor

### CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Abilene | 1,900 | 1,600 | 1,600 |
| Amarillo | 3,500 | 3,400 | 3,300 |
| Austin | 14,000 | 11,400 | 10,700 |
| Beaumont-Port Arthur | 9,300 | 9,900 | 11,800 |
| Brazoria | 6,800 | 8,300 | 9,200 |
| Brownsville-Harlingen | 2,100 | 2,000 | 2,200 |
| Bryan-College Station | 1,900 | 1,600 | 1,300 |
| Corpus Christi | 8,000 | 9,000 | 11,300 |
| Dallas | 54,100 | 47,300 | 46,100 |
| El Paso | 8,900 | 7,900 | 8,100 |
| Fort Worth-Arlington | 22,600 | 21,100 | 20,200 |
| Galveston-Texas City | 4,700 | 6,200 | 6,100 |
| Houston | 88,000 | 95,100 | 100,100 |
| Killeen-Temple | 3,500 | 3,300 | 2,700 |
| Laredo | 1,200 | 1,200 | 1,300 |
| Longview-Marshall | 3,400 | 3,000 | 3,300 |
| Lubbock | 3,200 | 3,100 | 3,300 |
| McAllen-Edinburg-Mission | 4,100 | 4,200 | 4,400 |
| Midland | 1,400 | 1,300 | 1,300 |
| Odessa | 2,200 | 2,000 | 2,000 |
| San Angelo | 1,500 | 1,200 | 1,200 |
| San Antonio | 25,100 | 21,600 | 21,400 |
| Sherman-Denison | 1,500 | 1,700 | 1,600 |
| Texarkana | 1,700 | 1,600 | 1,400 |
| Tyler | 1,900 | 1,700 | 1,800 |
| Victoria | 1,500 | 1,500 | 1,600 |
| Waco | 3,500 | 2,900 | 3,000 |
| Wichita Falls | 1,800 | 1,600 | 1,600 |

Bureau of Labor Statistics, U.S. Department of Labor

## TEXAS UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Texas was 6.2% (6.7% in 1989, 7.2% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).

- In 1990, 521,000 people were unemployed in the state. 567,000 people were unemployed in the state in 1989, including 52,000 construction workers.

- The **construction** unemployment rate in Texas was 6.7% in 1989 (15.1% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON TEXAS

- Each $1 spent on new construction in Texas generates a total of $2.5837 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $51,674,000 increase in the state's economy ($20 million X the 2.5837 multiplier). This total includes the original $20 million project.

- Each additional $1 million spent on new construction in Texas creates 35.5 jobs. For example, a $20 million new construction project would create 710 jobs in the state in construction, supplier, and service industries ($20 X 35.5 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.8083. For example, a $20 million construction project would increase the total household earnings in the state by $16,166,000 ($20 million X $.8083). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE TEXAS ECONOMY

- The total construction industry payroll in Texas in 1989 was $7,337,039,000, 6.1 percent of the state's total private industry payroll.

- In Texas, construction (including homebuilding, nonresidential building and nonbuilding work) declined from 5.7% of the state's gross product in 1982 to 5.3% in 1986. On average in the Southwest states (AZ,NM,OK,TX), construction has grown from 5.9% in 1982 to 6.1% in 1984, and then dropped back to 5.9% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| TEXAS | 5.7% | 5.8% | 5.7% | 5.5% | 5.3% |
| SOUTHWEST | 5.9 | 6.0 | 6.1 | 6.0 | 5.9 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDINC PERMITS IN TEXAS

- In 1990, the value of nonresidential building permits issued for new construction decreased 19.3 percent from 1989, to $2.3 billion. Nonresidential remodeling and reconstruction work increased 3.0 percent, to $1.5 billion in 1990. Residential construction authorized by building permits increased 10.8 percent in 1990.

**VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN TEXAS (IN THOUSANDS)**

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $3,313,607 | $3,578,331 | 8.0% |
| Two-Family Buildings | 7,150 | 9,763 | 36.5 |
| Three- and Four-Family Buildings | 11,486 | 12,381 | 7.8 |
| Five-or-more Family Buildings | 105,470 | 208,685 | 97.9 |
| **Total Residential Buildings** | 3,437,713 | 3,809,163 | 10.8 |
| Additions, Alterations, Residential | 399,633 | 408,646 | 2.3 |
| | | | |
| Hotels, Motels | 61,272 | 14,141 | -76.9 |
| Other Nonhousekeeping | 8,519 | 9,019 | 5.9 |
| Amusement, Social, Recreational | 54,730 | 76,282 | 39.4 |
| Churches | 79,558 | 81,146 | 2.0 |
| Industrial Buildings | 1,299,866 | 323,884 | -75.1 |
| Parking Garages | 42,695 | 52,303 | 22.5 |
| Service Stations, Repair Garages | 49,029 | 25,205 | -48.6 |
| Hospitals, Institutional Buildings | 177,718 | 137,086 | -22.9 |
| Office, Bank, Professional Buildings | 374,472 | 676,669 | 80.7 |
| Public Works, Utilities Buildings | 18,990 | 113,447 | 497.4 |
| Schools, Educational Buildings | 61,028 | 116,965 | 91.7 |
| Stores, Customer Services | 494,084 | 537,242 | 8.7 |
| Other Nonresidential Buildings | 60,025 | 67,792 | 12.9 |
| Structures other than Buildings | 89,645 | 86,004 | -4.1 |
| **Total New Nonresidential** | 2,871,631 | 2,317,185 | -19.3 |
| Nonresidential Additions, Alterations | 1,435,406 | 1,478,324 | 3.0 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# UTAH ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT IN UTAH

- In the state of Utah, 26,200 people were employed in the construction industry in 1989, down from 34,800 in 1984.
- In December, 1990, the construction industry in Utah employed 1,300 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.8 percent of total state employment of 690,800 in 1989.

UTAH EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 34,800 | 601,200 | 5.8 |
| 1985 | 35,500 | 624,300 | 5.7 |
| 1986 | 32,200 | 634,100 | 5.1 |
| 1987 | 26,700 | 640,000 | 4.2 |
| 1988 | 24,900 | 660,000 | 3.8 |
| 1989 | 26,200 | 690,800 | 3.8 |
| December, 1989 | 26,800 | 713,700 | 3.8 |
| December, 1990 | 28,100 | 747,500 | 3.8 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Provo-Orem | 2,700 | 2,700 | 2,900 |
| Salt Lake City-Ogden | 17,500 | 18,100 | 19,300 |

Bureau of Labor Statistics, U.S. Department of Labor

## UTAH UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Utah was 4.3% (4.6% in 1989, 5.1% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 34,000 people were unemployed in the state. 37,000 people were unemployed in the state in 1989, including 3,000 construction workers.
- The **construction** unemployment rate in Utah was 9.9% in 1989 (16.7% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON UTAH

- Each $1 spent on new construction in Utah generates a total of $2.2615 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $45,230,000 increase in the state's economy ($20 million X the 2.2615 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Utah creates 37.2 jobs. For example, a $20 million new construction project would create 744 jobs in the state in construction, supplier, and service industries ($20 X 37.2 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.7319. For example, a $20 million construction project would increase the total household earnings in the state by $14,638,000

($20 million X $.7319). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF UTAH'S ECONOMY

- The total construction industry payroll in Utah in 1989 was $558,557,000, 5.6 percent of the state's total private industry payroll.

- The construction industry made up 5.1% of the state gross product of Utah in 1986. Construction in the Rocky Mountain Region (CO,ID,MT,UT,WY) declined from 7.3% of the region's economy to 6.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| UTAH | 5.3% | 5.3% | 5.8% | 5.6% | 5.1% |
| ROCKY MOUNTAIN REGION | 7.3 | 6.7 | 6.7 | 6.7 | 6.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN UTAH

- In 1990, the value of nonresidential building permits issued for new construction increased 6.1 percent from 1989, to $362 million. Nonresidential remodeling and reconstruction work dropped 16.8 percent, to $112 million in 1990. Residential construction authorized by building permits increased 22.9 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN UTAH (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $456,595 | $545,439 | 19.5% |
| Two-Family Buildings | 5,346 | 7,028 | 31.5 |
| Three- and Four-Family Buildings | 4,675 | 9,932 | 112.4 |
| Five-or-more Family Buildings | 7,714 | 20,547 | 166.4 |
| **Total Residential Buildings** | **474,330** | **582,946** | **22.9** |
| **Additions, Alterations, Residential** | **50,087** | **36,815** | **-26.5** |
| | | | |
| Hotels, Motels | 8,918 | 7,796 | -12.6 |
| Other Nonhousekeeping | 373 | 130 | -65.1 |
| Amusement, Social, Recreational | 15,584 | 46,016 | 195.3 |
| Churches | 25,617 | 22,407 | -12.5 |
| Industrial Buildings | 53,790 | 52,367 | -2.6 |
| Parking Garages | 35,596 | 105 | -99.7 |
| Service Stations, Repair Garages | 5,077 | 6,565 | 29.3 |
| Hospitals, Institutional Buildings | 4,750 | 5,153 | 8.5 |
| Office, Bank, Professional Buildings | 94,120 | 53,151 | -43.5 |
| Public Works, Utilities Buildings | 2,770 | 3,328 | 20.1 |
| Schools, Educational Buildings | 2,081 | 7,574 | 264.0 |
| Stores, Customer Services | 71,632 | 137,943 | 92.6 |
| Other Nonresidential Buildings | 14,355 | 13,175 | -8.2 |
| Structures other than Buildings | 6,744 | 6,687 | -0.8 |
| **Total New Nonresidential** | **341,407** | **362,397** | **6.1** |
| **Nonresidential Additions, Alterations** | **134,226** | **111,674** | **-16.8** |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# VERMONT ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Vermont has increased from 12,200 in 1984 to 18,200 in 1989.
- As of December, 1990, the construction industry in Vermont employed 3,600 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 5.7% of total state employment in 1984. In 1989, construction accounted for 7.0% of the 261,300 people employed in Vermont.

VERMONT EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 12,200 | 214,900 | 5.7 |
| 1985 | 13,800 | 224,700 | 6.1 |
| 1986 | 15,300 | 234,400 | 6.5 |
| 1987 | 16,500 | 245,600 | 6.7 |
| 1988 | 17,500 | 256,100 | 6.8 |
| 1989 | 18,200 | 261,300 | 7.0 |
| December, 1989 | 18,000 | 266,900 | 6.7 |
| December, 1990 | 14,400 | 257,300 | 5.6 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Barre-Montpelier | 2,400 | 2,500 | 2,500 |
| Burlington | 5,000 | 5,400 | 4,000 |

Bureau of Labor Statistics, U.S. Department of Labor

## VERMONT UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Vermont was 5.0% (3.7% in 1989, 3.1% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 15,000 people were unemployed in the state. 11,000 people were unemployed in the state in 1989, including 2,000 construction workers.
- The **construction** unemployment rate in Vermont was 7.3% in 1989 (6.2% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON VERMONT

- Each $1 spent on new construction in Vermont generates a total of $1.9505 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $39,010,000 increase in the state's economy ($20 million X the 1.9505 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Vermont creates 35.1 jobs. For example, a $20 million new construction project would create 702 jobs in the state in construction, supplier, and service industries ($20 X 35.1 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.6617. For example, a $20 million construction project would increase the total household earnings in the state by $13,234,000

($20 million X $.6617). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF VERMONT'S ECONOMY

- The total construction industry payroll in Vermont in 1989 was $374,388,000, 9.0 percent of the state's total private industry payroll.

- In Vermont, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 4.9% of the state's gross product in 1982 to 6.2% in 1986. On average in the New England states (CT,ME,MA,NH,RI,VT), construction grew from 3.9% in 1982 to 4.8% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| VERMONT | 4.9% | 5.3% | 5.5% | 5.9% | 6.2% |
| NEW ENGLAND | 3.9 | 4.1 | 4.3 | 4.5 | 4.8 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN VERMONT

- In 1990, the value of nonresidential building permits issued for new construction dropped 19.7 percent from 1989, to $89 million. Nonresidential remodeling and reconstruction work dropped 39.7 percent, to $35 million in 1990. Residential construction authorized by building permits dropped 34.2 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN VERMONT (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $246,388 | $166,368 | -32.5% |
| Two-Family Buildings | 4,848 | 3,941 | -18.7 |
| Three- and Four-Family Buildings | 10,487 | 2,395 | -77.2 |
| Five-or-more Family Buildings | 12,144 | 7,450 | -38.7 |
| **Total Residential Buildings** | 273,867 | 180,154 | -34.2 |
| **Additions, Alterations, Residential** | 40,580 | 38,701 | -4.6 |
| | | | |
| Hotels, Motels | 11,957 | 12,772 | 6.8 |
| Other Nonhousekeeping | 116 | 2,452 | 2013.8 |
| Amusement, Social, Recreational | 3,072 | 1,502 | -51.1 |
| Churches | 1,350 | 758 | -43.9 |
| Industrial Buildings | 29,186 | 26,167 | -10.3 |
| Parking Garages | 810 | 382 | -52.8 |
| Service Stations, Repair Garages | 1,234 | 1,099 | -10.9 |
| Hospitals, Institutional Buildings | 684 | 450 | -34.2 |
| Office, Bank, Professional Buildings | 14,180 | 10,758 | -24.1 |
| Public Works, Utilities Buildings | 2,330 | 1,351 | -42.1 |
| Schools, Educational Buildings | 2,810 | 5,287 | 88.1 |
| Stores, Customer Services | 25,487 | 12,258 | -51.9 |
| Other Nonresidential Buildings | 12,004 | 10,475 | -12.7 |
| Structures other than Buildings | 5,082 | 2,827 | -44.4 |
| **Total New Nonresidential** | 110,305 | 88,538 | -19.7 |
| Nonresidential Additions, Alterations | 57,313 | 34,560 | -39.7 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# VIRGINIA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Virginia has increased from 132,800 in 1984 to 195,900 in 1989.
- As of December, 1990, the construction industry in Virginia employed 12,000 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 5.7% of total state employment in 1984. In 1989, construction accounted for 6.8% of state employment.

VIRGINIA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 132,800 | 2,333,300 | 5.7 |
| 1985 | 152,000 | 2,454,700 | 6.2 |
| 1986 | 169,500 | 2,557,700 | 6.6 |
| 1987 | 182,900 | 2,680,400 | 6.8 |
| 1988 | 191,000 | 2,772,500 | 6.9 |
| 1989 | 195,900 | 2,863,700 | 6.8 |
| December, 1989 | 188,400 | 2,913,400 | 6.5 |
| December, 1990 | 176,400 | 2,929,100 | 6.0 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Bristol | 1,000 | 1,100 | 1,100 |
| Charlottesville | 4,100 | 4,400 | 3,900 |
| Danville | 2,000 | 2,200 | 2,000 |
| Lynchburg | 3,700 | 3,700 | 3,800 |
| Norfolk-Virginia Beach-Newport News | 38,100 | 37,400 | 34,600 |
| Northern Virginia | 58,900 | 63,100 | 47,500 |
| Richmond-Petersburg | 30,200 | 30,600 | 29,800 |
| Roanoke | 7,600 | 7,800 | 7,400 |

Bureau of Labor Statistics, U.S. Department of Labor

## VIRGINIA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Virginia was 4.3% (3.9% in 1989, 3.9% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 137,000 people were unemployed in the state. 123,000 people were unemployed in the state in 1989, including 10,000 construction workers.
- The construction unemployment rate in Virginia was 5.9% in 1989 (7.3% in 1988. The national average construction unemployment rate increased to 11.1% in 1990 from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON VIRGINIA

- Each $1 spent on new construction in Virginia generates a total of $2.2956 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $45,912,000 increase in the state's economy ($20 million X the 2.2956 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Virginia creates 34.4 jobs. For example, a $20 million new construction project would create 688 jobs in the state in construction, supplier, and service industries ($20 X 34.4 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7538. For example, a $20 million construction project would increase the total household earnings in the state by $15,076,000 ($20 million X $.7538). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF VIRGINIA'S ECONOMY

- The total construction industry payroll in Virginia in 1989 was $4,404,273,000, 9.2 percent of the state's total private industry payroll.

- In Virginia, construction (including homebuilding, nonresidential building, and nonbuilding work) rose from 4.4% of the state's gross product in 1982 to 5.8% in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| VIRGINIA | 4.4% | 4.6% | 5.0% | 5.4% | 5.8% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN VIRGINIA

- In 1990, the value of nonresidential building permits issued for new construction dropped 27.3 percent from 1989, to $1.6 billion. Nonresidential remodeling and reconstruction work increased 1.9 percent, to $776 million in 1990. Residential construction authorized by building permits dropped 31.2 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN VIRGINIA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $3,199,410 | $2,338,252 | -26.9% |
| Two-Family Buildings | 27,121 | 25,615 | -5.6 |
| Three- and Four-Family Buildings | 34,818 | 20,576 | -40.9 |
| Five-or-more Family Buildings | 624,974 | 287,628 | -54.0 |
| **Total Residential Buildings** | 3,886,323 | 2,672,071 | -31.2 |
| **Additions, Alterations, Residential** | 503,615 | 448,206 | -11.0 |
| | | | |
| Hotels, Motels | 178,582 | 58,364 | -67.3 |
| Other Nonhousekeeping | 10,377 | 16,318 | 57.3 |
| Amusement, Social, Recreational | 45,159 | 20,990 | -53.5 |
| Churches | 28,939 | 32,185 | 11.2 |
| Industrial Buildings | 216,676 | 236,578 | 9.2 |
| Parking Garages | 88,925 | 46,088 | -48.2 |
| Service Stations, Repair Garages | 13,594 | 9,056 | -33.4 |
| Hospitals, Institutional Buildings | 71,963 | 65,993 | -8.3 |
| Office, Bank, Professional Buildings | 718,791 | 508,859 | -29.2 |
| Public Works, Utilities Buildings | 87,759 | 35,951 | -59.0 |
| Schools, Educational Buildings | 33,106 | 25,458 | -23.1 |
| Stores, Customer Services | 549,555 | 401,786 | -26.9 |
| Other Nonresidential Buildings | 72,962 | 79,574 | 9.1 |
| Structures other than Buildings | 47,701 | 35,128 | -26.4 |
| **Total New Nonresidential** | 2,164,089 | 1,572,328 | -27.3 |
| **Nonresidential Additions, Alterations** | 761,190 | 776,013 | 1.9 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# WASHINGTON ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Washington has increased from 79,600 in 1984 to 106,600 in 1989.
- As of December, 1990, the construction industry in Washington employed 10,700 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 4.8% of total state employment in 1984. In 1989, construction accounted for 5.2% of the 2,045,300 people employed in Washington.

WASHINGTON EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 79,600 | 1,659,600 | 4.8 |
| 1985 | 80,600 | 1,710,400 | 4.7 |
| 1986 | 84,500 | 1,769,900 | 4.8 |
| 1987 | 88,900 | 1,851,800 | 4.8 |
| 1988 | 96,600 | 1,943,200 | 5.0 |
| 1989 | 106,600 | 2,045,300 | 5.2 |
| December, 1989 | 109,100 | 2,104,900 | 5.2 |
| December, 1990 | 119,800 | 2,173,500 | 5.5 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Seattle | 52,300 | 57,000 | 58,000 |

Bureau of Labor Statistics, U.S. Department of Labor

## WASHINGTON UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Washington was 4.9% (6.2% in 1989, 6.5% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 122,000 people were unemployed in the state. 151,000 people were unemployed in the state in 1989, including 11,000 construction workers.
- The construction unemployment rate in Washington was 9.9% in 1989 (8.9% in 1988). The national average construction unemployment rate increased to 11.1% in 1990 from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON WASHINGTON

- Each $1 spent on new construction in Washington generates a total of $2.3111 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $46,222,000 increase in the state's economy ($20 million X the 2.3111 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Washington creates 34.2 jobs. For example, a $20 million new construction project would create 684 jobs in the state in construction, supplier, and service industries ($20 X 34.2 jobs/million).
- For each $1 of new construction, the earnings of households in the state is increased by $.7538. For example, a $20 million construction project would increase the total household earnings in the state by $15,076,000

($20 million X $.7538). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF WASHINGTON'S ECONOMY

- The total construction industry payroll in Washington in 1989 was $2,407,297,000, 6.9 percent of the state's total private industry payroll.

- In Washington, construction (including homebuilding, nonresidential building and nonbuilding work) decreased from 6.7% of the state's gross product in 1982 to 5.8% in 1986. For the entire Far West region (CA,NV,OR,WA,AK,HI), construction comprised 4.6% of the economy. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| WASHINGTON | 6.7% | 6.2% | 6.1% | 5.7% | 5.8% |
| FAR WEST | 4.5 | 4.3 | 4.5 | 4.5 | 4.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN WASHINGTON

- In 1990, the value of nonresidential building permits issued for new construction increased 3.1 percent from 1989, to $1.2 billion. Nonresidential remodeling and reconstruction work decreased 3.4 percent, to $514 million in 1990. Residential construction authorized by building permits increased 7.2 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN WASHINGTON (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $2,319,075 | $2,646,543 | 14.1% |
| Two-Family Buildings | 53,281 | 52,741 | -1.0 |
| Three- and Four-Family Buildings | 46,673 | 75,163 | 61.0 |
| Five-or-more Family Buildings | 827,817 | 705,081 | -14.8 |
| **Total Residential Buildings** | **3,246,846** | **3,479,528** | 7.2 |
| **Additions, Alterations, Residential** | **178,990** | **225,630** | 26.1 |
| | | | |
| Hotels, Motels | 57,748 | 50,198 | -13.1 |
| Other Nonhousekeeping | 9,391 | 4,088 | -56.5 |
| Amusement, Social, Recreational | 24,901 | 22,513 | -9.6 |
| Churches | 25,321 | 18,419 | -27.3 |
| Industrial Buildings | 164,690 | 210,124 | 27.6 |
| Parking Garages | 17,517 | 33,313 | 90.2 |
| Service Stations, Repair Garages | 12,257 | 10,513 | -14.2 |
| Hospitals, Institutional Buildings | 56,824 | 59,079 | 4.0 |
| Office, Bank, Professional Buildings | 379,612 | 389,486 | 2.6 |
| Public Works, Utilities Buildings | 7,309 | 9,241 | 26.4 |
| Schools, Educational Buildings | 23,988 | 17,260 | -28.0 |
| Stores, Customer Services | 315,783 | 319,609 | 1.2 |
| Other Nonresidential Buildings | 67,546 | 63,852 | -5.5 |
| Structures other than Buildings | 37,069 | 29,118 | -21.4 |
| **Total New Nonresidential** | **1,199,956** | **1,236,813** | 3.1 |
| Nonresidential Additions, Alterations | 532,087 | 513,965 | -3.4 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# WEST VIRGINIA ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in West Virginia increased from 22,000 in 1984 to 24,300 in 1988, then dropped to 23,400 in 1989.
- As of December, 1990, the construction industry in West Virginia employed 1,400 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.7% of total state employment in 1984. In 1989, construction accounted for 3.8% of the 612,800 people employed in West Virginia.

WEST VIRGINIA EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 22,000 | 596,600 | 3.7 |
| 1985 | 22,800 | 597,200 | 3.8 |
| 1986 | 22,800 | 597,500 | 3.8 |
| 1987 | 24,000 | 599,000 | 4.0 |
| 1988 | 24,300 | 609,800 | 4.0 |
| 1989 | 23,400 | 612,800 | 3.8 |
| December, 1989 | 22,800 | 621,000 | 3.7 |
| December, 1990 | 24,200 | 627,500 | 3.9 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Charleston | 4,200 | 4,100 | 4,800 |
| Huntington-Ashland, WV-KY-OH | 4,600 | 5,000 | 4,700 |
| Parkersburg-Marietta, WV-OH | 3,100 | 3,100 | 2,900 |
| Wheeling, WV-OH | 2,100 | 2,100 | 2,100 |

Bureau of Labor Statistics, U.S. Department of Labor

## WEST VIRGINIA UNEMPLOYMENT RATE

- In 1990, the unemployment rate in West Virginia was 8.3% (8.6% in 1989, 10.9% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 64,000 people were unemployed in the state. 66,000 people were unemployed in the state in 1989, including 9,000 construction workers.
- The construction unemployment rate in West Virginia was 18.8% in 1989 (22.0% in 1988). The national average construction unemployment rate increased to 11.1% in 1990 from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON WEST VIRGINIA

- Each $1 spent on new construction in West Virginia generates a total of $1.9167 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $38,334,000 increase in the state's economy ($20 million X the 1.9167 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in West Virginia creates 33.1 jobs. For example, a $20 million new construction project would create 662 jobs in the state in construction, supplier, and service industries ($20 X 33.1 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.6183. For example, a $20 million construction project would increase the total household earnings in the state by $12,366,000 ($20 million X $.6183). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF WEST VIRGINIA'S ECONOMY

- The total construction industry payroll in West Virginia in 1989 was $527,239,000, 5.6 percent of the state's total private industry payroll.

- In West Virginia, construction (including homebuilding, nonresidential building and nonbuilding work) decreased from 5.1% of the state's gross product in 1982 to 4.8% in 1986. On average in the Southeast states (AL,AR,FL,GA,KY, LA,MS,NC,SC,TN,VA,WV), construction grew from 5.1% in 1982 to 5.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| WEST VIRGINIA | 5.1% | 4.7% | 4.7% | 4.8% | 4.8% |
| SOUTHEAST | 5.1 | 4.9 | 5.1 | 5.2 | 5.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN WEST VIRGINIA

- In 1990, the value of nonresidential building permits issued for new construction increased 30.4 percent from 1989, to $134 million. Nonresidential remodeling and reconstruction work dropped 6.2 percent, to $51 million in 1990. Residential construction authorized by building permits increased 18.7 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN WEST VIRGINIA (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $91,726 | $102,848 | 12.1% |
| Two-Family Buildings | 787 | 1,535 | 95.0 |
| Three- and Four-Family Buildings | 1,682 | 1,218 | -27.6 |
| Five-or-more Family Buildings | 5,175 | 12,307 | 137.8 |
| **Total Residential Buildings** | 99,370 | 117,908 | 18.7 |
| Additions, Alterations, Residential | 30,791 | 37,801 | 22.8 |
| | | | |
| Hotels, Motels | 5,332 | 3,851 | -27.8 |
| Other Nonhousekeeping | 1,454 | 697 | -52.1 |
| Amusement, Social, Recreational | 1,820 | 705 | -61.3 |
| Churches | 2,429 | 3,161 | 30.1 |
| Industrial Buildings | 9,136 | 27,661 | 202.8 |
| Parking Garages | 20 | 124 | 520.0 |
| Service Stations, Repair Garages | 1,943 | 5,540 | 185.1 |
| Hospitals, Institutional Buildings | 7,122 | 11,227 | 57.6 |
| Office, Bank, Professional Buildings | 21,103 | 9,867 | -53.2 |
| Public Works, Utilities Buildings | 187 | 952 | 409.1 |
| Schools, Educational Buildings | 608 | 1,411 | 132.1 |
| Stores, Customer Services | 40,795 | 52,944 | 29.8 |
| Other Nonresidential Buildings | 8,515 | 12,768 | 49.9 |
| Structures other than Buildings | 2,243 | 2,932 | 30.7 |
| **Total New Nonresidential** | 102,707 | 133,890 | 30.4 |
| Nonresidential Additions, Alterations | 53,937 | 50,596 | -6.2 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# WISCONSIN ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Wisconsin increased from 63,200 in 1984 to 80,800 in 1989.
- As of December, 1990, the construction industry in Wisconsin employed 500 fewer workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 3.2 % of total state employment in 1984. In 1989, construction accounted for 3.3% of the 2.2 million people employed in Wisconsin.

WISCONSIN EMPLOYMENT

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 63,200 | 1,949,200 | 3.2 |
| 1985 | 64,600 | 1,983,100 | 3.3 |
| 1986 | 68,000 | 2,023,900 | 3.4 |
| 1987 | 72,200 | 2,089,600 | 3.5 |
| 1988 | 76,400 | 2,168,500 | 3.7 |
| 1989 | 80,800 | 2,229,700 | 3.6 |
| December, 1989 | 82,300 | 2,262,000 | 3.6 |
| December, 1990 | 81,800 | 2,286,900 | 3.6 |

Bureau of Labor Statistics, U.S. Department of Labor

CONSTRUCTION EMPLOYMENT IN MAJOR CITIES

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Appleton-Oshkosh-Neenah | 7,400 | 7,000 | 7,400 |
| Eau Claire | 1,900 | 1,900 | 2,200 |
| Green Bay | 3,700 | 4,400 | 5,600 |
| Janesville-Beloit | 1,600 | 1,900 | 1,800 |
| Kenosha | 1,600 | 1,500 | 1,600 |
| La Crosse | 1,600 | 1,900 | 1,600 |
| Madison | 7,900 | 7,900 | 8,500 |
| Milwaukee | 24,600 | 26,900 | 28,400 |
| Racine | 2,200 | 2,600 | 2,300 |
| Sheboygan | 1,600 | 1,500 | 1,300 |
| Wausau | 2,000 | 2,100 | 2,400 |

Bureau of Labor Statistics, U.S. Department of Labor

## WISCONSIN UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Wisconsin was 4.4% (4.4% in 1989, 4.7% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 113,000 people were unemployed in the state. 114,000 people were unemployed in the state in 1989, including 11,000 construction workers.
- The **construction** unemployment rate in Wisconsin was 8.9% in 1989 (10.9% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON WISCONSIN

- Each $1 spent on new construction in Wisconsin generates a total of $2.2712 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $45,424,000 increase in the state's economy ($20 million X the 2.2712 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Wisconsin creates 34.4 jobs. For example, a $20 million new construction project would create 688 jobs in the state in construction, supplier, and service industries ($20 X 34.4 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.7319. For example, a $20 million construction project would increase the total household earnings in the state by $14,638,000 ($20 million X $.7319). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF THE WISCONSIN ECONOMY

- The total construction industry payroll in Wisconsin in 1989 was $2,049,183,000, 5.6 percent of the state's total private industry payroll.

- In Wisconsin, construction (including homebuilding, nonresidential building and nonbuilding work) increased from 2.8% of the state's gross product in 1982 to 3.0% in 1986. In the Great Lakes region (IL,IN,MI,OH,WI), construction increased from 3.5% of the region's economy in 1982 to 3.6% in 1986. This very useful data, the first of its kind compiled on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| WISCONSIN | 2.8% | 2.8% | 2.9% | 2.9% | 3.0% |
| GREAT LAKES | 3.5 | 3.4 | 3.4 | 3.5 | 3.6 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN WISCONSIN

- In 1990, the value of nonresidential building permits issued for new construction increased 16.1 percent from 1989, to $1.1 billion. Nonresidential remodeling and reconstruction work dropped 2.6 percent, to $539 million in 1990. Residential construction authorized by building permits increased 1.1 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN WISCONSIN (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $1,257,193 | $1,339,046 | 6.5% |
| Two-Family Buildings | 65,504 | 65,814 | 0.5 |
| Three- and Four-Family Buildings | 42,535 | 47,412 | 11.5 |
| Five-or-more Family Buildings | 323,949 | 254,648 | -21.4 |
| **Total Residential Buildings** | 1,689,181 | 1,706,920 | 1.1 |
| **Additions, Alterations, Residential** | 202,309 | 243,738 | 20.5 |
| | | | |
| Hotels, Motels | 35,780 | 49,532 | 38.4 |
| Other Nonhousekeeping | 6,486 | 3,044 | -53.1 |
| Amusement, Social, Recreational | 88,729 | 58,971 | -33.5 |
| Churches | 13,961 | 21,287 | 52.5 |
| Industrial Buildings | 236,252 | 238,215 | 0.8 |
| Parking Garages | 8,673 | 2,106 | -75.7 |
| Service Stations, Repair Garages | 17,245 | 13,622 | -21.0 |
| Hospitals, Institutional Buildings | 36,408 | 39,023 | 7.2 |
| Office, Bank, Professional Buildings | 120,905 | 215,964 | 78.6 |
| Public Works, Utilities Buildings | 11,207 | 90,533 | 707.8 |
| Schools, Educational Buildings | 12,264 | 44,411 | 262.1 |
| Stores, Customer Services | 227,825 | 172,888 | -24.1 |
| Other Nonresidential Buildings | 76,796 | 96,407 | 25.5 |
| Structures other than Buildings | 19,740 | 13,134 | -33.5 |
| **Total New Nonresidential** | 912,271 | 1,059,137 | 16.1 |
| **Nonresidential Additions, Alterations** | 553,285 | 538,752 | -2.6 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# WYOMING ECONOMIC FACT SHEET

This economic fact sheet contains the latest economic data available as of February, 1991.

## CONSTRUCTION EMPLOYMENT

- Construction employment in Wyoming has declined from 14,100 in 1984 to 10,100 in 1989.
- As of December, 1990, the construction industry in Wyoming employed 300 more workers than one year earlier (monthly data not seasonally adjusted).
- Construction employment was 6.9% of total state employment in 1984. In 1989, construction accounted for 5.2% of the 193,500 people employed in Wyoming.

**WYOMING EMPLOYMENT**

| *Year* | *Construction* | *Total* | *Constr Pct of Total* |
|---|---|---|---|
| 1984 | 14,100 | 204,300 | 6.9 |
| 1985 | 18,200 | 206,900 | 8.8 |
| 1986 | 16,200 | 196,300 | 8.3 |
| 1987 | 10,800 | 182,600 | 5.9 |
| 1988 | 10,400 | 189,000 | 5.5 |
| 1989 | 10,100 | 193,500 | 5.2 |
| December, 1989 | 9,200 | 193,800 | 4.7 |
| December, 1990 | 9,500 | 195,500 | 4.9 |

Bureau of Labor Statistics, U.S. Department of Labor

**CONSTRUCTION EMPLOYMENT IN MAJOR CITIES**

| *City* | *1988* | *1989* | *December, 1990* |
|---|---|---|---|
| Casper | 1,700 | 1,500 | 1,400 |

Bureau of Labor Statistics, U.S. Department of Labor

## WYOMING UNEMPLOYMENT RATE

- In 1990, the unemployment rate in Wyoming was 5.4% (6.3% in 1989, 7.8% in 1988), as compared to the national average rate of 5.5% (5.3% in 1989, 5.5% in 1988).
- In 1990, 13,000 people were unemployed in the state. 15,000 people were unemployed in the state in 1989, including 2,000 construction workers.
- The **construction** unemployment rate in Wyoming was 16.1% in 1989 (18.9% in 1988). The **national** average construction unemployment rate increased to 11.1% in **1990** from 10.0% in 1989 (10.6% in 1988).

## ECONOMIC IMPACT OF CONSTRUCTION ON WYOMING

- Each $1 spent on new construction in Wyoming generates a total of $1.7297 in economic activity in both industries and services in the state. This ratio is used to estimate the impact of new construction on the state's economy. For example, a $20 million project would result in a $34,594,000 increase in the state's economy ($20 million X the 1.7297 multiplier). This total includes the original $20 million project.
- Each additional $1 million spent on new construction in Wyoming creates 30.6 jobs. For example, a $20 million new construction project would create 612 jobs in the state in construction, supplier, and service industries ($20 X 30.6 jobs/million).

- For each $1 of new construction, the earnings of households in the state is increased by $.5619. For example, a $20 million construction project would increase the total household earnings in the state by $11,238,000 ($20 million X $.5619). Both construction workers and employees of other industries benefit from this increased standard of living, and this figure also shows that the tax base of the state is increased.

Note: Figures from 1988 Regional Input-Output Modeling System (RIMS II), Bureau of Economic Analysis, U.S. Department of Commerce.

## CONSTRUCTION'S SHARE OF WYOMING'S ECONOMY

- The total construction industry payroll in Wyoming in 1989 was $218,903,000, 8.6 percent of the state's total private industry payroll.

- In Wyoming, construction (including homebuilding, nonresidential building and nonbuilding work) declined from 11.8% of the state's gross product in 1982, but rose again to reach 11.8% in 1986. Construction in the Rocky Mountain Region (CO,ID,MT,UT,WY) has declined from 7.3% of the region's economy to 6.3% in 1986. This very useful data, the first of its kind computed on a state-by-state basis, is not available for more recent years due to federal budget cuts.

CONSTRUCTION'S SHARE OF GROSS PRODUCT

| | *1982* | *1983* | *1984* | *1985* | *1986* |
|---|---|---|---|---|---|
| WYOMING | 11.8% | 8.8% | 8.9% | 11.4% | 11.8% |
| ROCKY MOUNTAIN REGION | 7.3 | 6.7 | 6.7 | 6.7 | 6.3 |
| UNITED STATES | 4.5 | 4.5 | 4.6 | 4.7 | 4.7 |

Bureau of Economic Analysis, U.S. Department of Commerce

Note: These numbers do not include the value of supplies and equipment used in construction; for example, steel used in construction is counted as part of the steel industry rather than in the construction total. When the total value of construction is taken into account, AGC has estimated that construction accounts for 10% of the gross national product.

## NONRESIDENTIAL BUILDING PERMITS IN WYOMING

- In 1990, the value of nonresidential building permits issued for new construction increased rapidly from 1989's level, to $311 million. Nonresidential remodeling and reconstruction work increased 8 percent, to $21 million in 1990. Residential construction authorized by building permits increased 7.8 percent in 1990.

VALUE OF NONRESIDENTIAL BUILDING PERMITS ISSUED IN WYOMING (IN THOUSANDS)

| *Construction Category* | *1989* | *Preliminary 1990* | *Percent Change* |
|---|---|---|---|
| Single Family Houses | $50,344 | $53,206 | 5.7% |
| Two-Family Buildings | 712 | 282 | -60.4 |
| Three- and Four-Family Buildings | 706 | 65 | -90.8 |
| Five-or-more Family Buildings | 39 | 2,286 | 5761.5 |
| **Total Residential Buildings** | 51,801 | 55,839 | 7.8 |
| **Additions, Alterations, Residential** | 10,641 | 10,249 | -3.7 |
| | | | |
| Hotels, Motels | 2,939 | 1,907 | -35.1 |
| Other Nonhousekeeping | 362 | 657 | 81.5 |
| Amusement, Social, Recreational | 840 | 10 | -98.8 |
| Churches | 1,360 | 1,800 | 32.4 |
| Industrial Buildings | 2,745 | 84,408 | 2975.0 |
| Parking Garages | 486 | 0 | -- |
| Service Stations, Repair Garages | 387 | 1,048 | 170.8 |
| Hospitals, Institutional Buildings | 320 | 0 | -- |
| Office, Bank, Professional Buildings | 1,680 | 1,985 | 18.2 |
| Public Works, Utilities Buildings | 674 | 724 | 7.4 |
| Schools, Educational Buildings | 162 | 984 | 507.4 |
| Stores, Customer Services | 14,509 | 11,631 | -19.8 |
| Other Nonresidential Buildings | 1,978 | 2,029 | 2.6 |
| Structures other than Buildings | 919 | 1,467 | 59.6 |
| **Total New Nonresidential** | 29,361 | 108,650 | 270.0 |
| **Nonresidential Additions, Alterations** | 19,236 | 20,750 | 7.9 |

PREPARED BY: THE BRAIN TRUST, ARLINGTON, VA. Bureau of the Census

# National Congress of American Indians

Est. 1944

"THE 90's: A NEW FEDERALISM ON OUR TERMS"

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April 18, 1991

**STATEMENT BY:**

**THE NATIONAL CONGRESS OF AMERICAN INDIANS,**
**PRESIDENT WAYNE DUCHENEAUX**

To:

**HOUSE SUBCOMMITTEE ON SURFACE TRANSPORTATION**
**H.R.1351, TO AUTHORIZE FUNDS FOR CONSTRUCTION OF HIGHWAYS, FOR HIGHWAY SAFETY PROGRAMS, FOR MASS TRANSPORTATION PROGRAMS,**
**AND FOR OTHER PURPOSES**

Good afternoon, Mr. Chairman. My name is Wayne Ducheneaux, and I am President of the National Congress of American Indians (NCAI). The NCAI is the oldest and largest organization representative of Indian people nationwide. Our constituency comprises nearly three-fourths of the nations Indian people, including individual members and tribal governments.

I am here today to urge Congress to act upon the needs of tribal governments in the reauthorization of the Federal-Aid Highway Act. The NCAI requests of Congress the following:

1) Authorization of funding for Indian Reservation Roads out of the Highway Trust Fund at $227,000,000 for each of the fiscal years 1992-1996.

2) Amend the Surface Transportation Act to mandate that, in designation by states of Federal-aid primary, secondary and urban systems, states shall cooperate with the appropriate Indian tribal government officials in selecting and designating such systems.

3) Amend the Act to designate bridges on the Indian Reservation Roads System as being eligible for funding.

4) Amend the Act to clarify that tribal officials are eligible for training provided through the National Highway Institute.

5) Amend the Act to mandate Indian preference within the hiring procedures of any contractor awarded a project on or near reservation lands.

Authorization of Funding

Mr. Chairman, tribal governments today are striving to move out from under the dark cloud which has hung over our tribal economies now for nearly one hundred years. We cannot do that without adequate road systems in Indian country, which is one of the lifelines for any sound economic development. Almost one half of the 19,800 miles of reservation roads are within the BIA's road system. Over one-half of the 24,500 miles of public roads on Indian reservations are under the jurisdiction of state and local governments. The remaining 2,700 miles of roads on Indian reservations are under the jurisdiction of tribes and different federal agencies.

Indian Reservation Roads (IRR) today are accurately described as pathetic, on the average. In a recent needs study, the Bureau of Indian Affairs determined that health problems exist due to improper drainage, traffic service is substandard and at times streets are impassable. The BIA also found that some of the roads are in such horrible condition as to be considered a "national disgrace", contributing to the failure to provide adequate education to Indian children (the roads are impassable for school buses), and requiring emergency feeding by helicopter of isolated and stranded livestock and people. In addition, the Department of Energy will soon be engaging in negotiations with tribes to develop an Emergency Response Plan in the event of a hazardous waste accident. The DOE transports hazardous waste through several reservations by main roads and railways. In a life-threatening situation, Mr. Chairman, many tribal governments would not be able to evacuate their communities.

These facts make a compelling case for federal support of reservation roads. H.R.1351 would authorize funding for reservation roads according to the administration's request at $95 million for F.Y.92, with a gradual increase to $121 million by F.Y.96. The BIA's needs study stated point blank that $95 million per year is needed just to maintain the current broken system, but that "approximately $227 million per year is needed to bring the BIA system to an acceptable level of completion in 25 years". That request was summarily rejected by OMB, however, and we now have before us the revised request. It is important to note that between the years of 1979 and 1982, funding for Indian roads decreased by over 40%. The enactment of the Surface Transportation and Uniform Assistance Act of 1987, however, reduced the funding even further to $80 million annually for F.Y.1987-91. Inflation was not factored in.

Mr. Chairman, this administration must realize that it cannot claim to be an advocate of self-sufficiency for tribes without allowing us the tools to do the job. The administration's request for reservation roads is grossly inadequate and far removed from any realistic effort to construct, rebuild and repair reservation roads.

The federal government is directly responsible for providing a safe and adequate roads system in Indian country, and it's not close to doing that as yet. Therefore, the NCAI recommends that this Committee increase the authorized funding proposed in H.R.1351 to $227 million per year throughout F.Y.96. I realize that our request is, over a period of five years, $613 million above H.R.1351 and its companion bill in the Senate, S.610. While we realize that this is quite a disparity, if the BIA recommended $227, then you can be certain that the it's a reflection of the minimum need.

Other Bill Provisions

The bill proposes to enact and amend the Federal-Aid Highway Act. Several bill provisions are of particular concern to Indian tribes in so far as they fail to address tribes at all. In the Federal Lands Highway Program, it was intended by Congress that when states receive federal funds for roads programs, they would treat tribes fairly. It states that before the Secretary can approve a project as an Indian reservation road project on the national highway system, "the Secretary must determine that the obligation of funds for that project is supplementary and not in lieu of the obligation" for projects on Indian reservation roads, "of a fair and equitable share of funds apportioned to the State for the National Highway System". It was never intended that the IRR would be the only source of reservation roads funding. States were to treat tribes fairly and designate federal dollars for reservation roads in keeping with the Civil Rights Act.

For the most part, this is not happening. The BIA pointed out that the states and counties do not always fund needed improvements on or near Indian lands in the same ratio as non-Indian lands. States regularly meet with county officials to plan federal roads projects, but rarely take tribes into consideration when determining priorities for funding out of the Highway Trust Fund. In other words, some states have been using federal dollars meant for Indian reservation roads to enhance state systems IRR funds are to supplement, not replace, the state's responsibility to provide construction on reservations.

In essence, the bill mandates that states consult with local officials, but makes no mention of tribes. NCAI recommends that the Committee include language to mandate that states cooperate and consult with tribal officials under the Federal-aid primary, secondary and urban systems.

Another provision (Section 106) funds bridge replacement and rehabilitation, but the language does not state that bridges on the IRR are eligible for funding. The BIA focused upon what we already knew to be true in its needs study, and that is that tribes are in desperate need of new bridges. Many tribes today are literally isolated, or long detours are required to permit access. This is obviously a life-threatening situation, as emergency vehicles may be delayed or not have access at all. Because deficient BIA bridges have not been corrected since the early 1980's, most bridge washouts since then have not been rebuilt. Mr. Chairman, NCAI requests that this Committee incorporate language within Section 106 making bridges on the IRR System eligible for funding.

Mr. Chairman, this bill also provides for the establishment of a National Highway Institute and provides funding for education and training of Federal, State, and local highway employees. It does not specify whether or not tribal officials are eligible for training. We recommend that the Committee clarify this section by including tribal officials in the language as being eligible.

Finally, while the bill provides that Indian contractors certified by states shall receive preference in contracting awards, it does not permit an Indian employment preference, making it inconsistent with the Civil Rights Act. Indians qualified for employment with any contractor who is awarded a project on or near a reservation should have the opportunity to work. States should work with Tribal Employment Rights Offices (TERO) to implement this provision. The NCAI requests that the Committee incorporate such language within the bill.

Mr. Chairman, Indian Reservation Roads are in deplorable condition, and this Committee has the jurisdiction to authorize funds to fix the problem. Most people don't have to think about the condition of their roads on a daily basis. In Indian country, however, roads are a problem which we deal with every time we get into our automobiles. Our roads are hazardous to our economic livelihood as well as to our personal safety.

Because of the importance of this bill to Indian country, the National Congress of American Indians would like to submit supplemental information and possible amendments before the record is closed. Thank you for the opportunity to testify, Mr. Chairman, and I would be pleased to answer any questions which you may have.

**ADVOCATES**
FOR HIGHWAY
AND AUTO SAFETY

TESTIMONY OF

JACQUELINE GILLAN
DEPUTY EXECUTIVE DIRECTOR

ADVOCATES FOR HIGHWAY AND AUTO SAFETY

COMMITTEE ON PUBLIC WORKS & TRANSPORTATION
SURFACE TRANSPORTATION SUBCOMMITTEE

APRIL 18, 1991

Thank you, Chairman Mineta. I am Jacqueline Gillan, Deputy Director of Advocates for Highway and Auto Safety, a coalition of consumer, safety and insurance organizations dedicated to promoting passage of highway and auto safety laws and policies to reduce death and injury on America's highways, and economic losses due to motor vehicle crashes. I am accompanied by Gerald Donaldson, Assistant Director of Highway Safety for Advocates.

I am very grateful for the opportunity to testify on safety issues in the Surface Transportation Assistance bill, and I thank you for your leadership in highlighting the importance of safety through this hearing. I will summarize my remarks and ask that the entire statement be inserted in the record.

I am here today because Advocates believes the reauthorization of federal highway programs offers an unparalleled opportunity to increase the safety of our roads and bridges. Motor vehicle crashes constitute a major public health dilemma, and cost society more than $85 billion annually. Motor vehicle crashes are the number one cause of death of Americans under the age of 44.

A great proportion of these costs end up being paid not by those involved in crashes, but by taxpayers, insurance carriers and other policy-holders. Addressing motor vehicle and highway safety through prevention and public policy changes not only saves lives and suffering, it saves money. The fewer the crashes, the lighter the burden on taxpayers, insurers, and policy holders.

Every single day, as many Americans die on our highways as were killed during the 45 days of Operation Desert Storm -- 120 per day, nearly 45,000 people per year. Additionally, nearly 4.8 million Americans are injured and 500,000 more are hospitalized each year in automobile crashes.

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This toll is especially bitter because many of these deaths and injuries disable our youth and could have been prevented with effective highway safety countermeasures.

Although much progress has been made, more remains to be done through effective federal, state and local programs. Several significant challenges to improve highway safety lie ahead. The reauthorization of the nation's highway and highway safety programs now before this Committee provides a major opportunity for determining our nation's commitment to meeting these challenges.

**MOTORCYCLE HELMET AND SAFETY BELT USE LAWS**

The Surface Transportation Assistance bill can lessen one burden now being shouldered by all federal taxpayers: the health care costs associated with deaths and injuries which could have been avoided if every state had safety belt and all-rider motorcycle helmet use laws. For example, one study of 105 injured motorcyclists found that 63 percent of their costs were paid by public funds, with Medicaid covering slightly more than half.

Thirty-eight states and the District of Columbia now require safety belt use; 23 states and D.C. have all-rider helmet use laws. We believe California is about to adopt a helmet law; indeed, Advocates has worked hard there to achieve passage, which will result in millions of dollars and hundreds of lives saved every year. Other states passing helmet laws in recent years include Texas, Oregon and Nebraska.

The American public overwhelmingly supports motorcycle helmet laws. In a recent Roper survey, 90 percent of the respondents said they supported such laws; fully 76 percent defined their support for these laws as "strong."

We believe that all states should have these use laws, and the Administration agrees. The goal of the National Highway Traffic Safety Administration (NHTSA) is to have safety belt use laws and all-rider motorcycle helmet use laws in **all 50 states by 1992** (as cited in "Moving America Safely. The National Highway Traffic Safety Administration's Priority Plan," August 1990).

Yet the Administration's proposed surface transportation bill is silent on how this goal would be reached. Advocates urges that this legislation include provisions, such as those in the National Highway Fatality and Injury Reduction Act, sponsored by Representative Jim Cooper (D-TN) and Senator John Chafee (R-RI), which will provide motivation to states to pass these necessary laws.

We know that state safety belt use laws and all-rider motorcycle helmet use laws work. Such helmet use laws have compliance rates of close to 100 percent. We believe all states should show such vision and political will as California. The highway bill can encourage them to find that will.

SPEEDING

It will take further federal initiative to address the growing speed epidemic on our highways. Recent studies have shown a yearly increase of as many as 700 deaths as a result of states raising the speed limit to 65 MPH on rural Interstates. It is clear that increasing the speed limit to 65 MPH results in even more speeding. In one state in which traffic was carefully tracked when its rural Interstates were posted at 65 MPH, the proportion of cars exceeding 70 MPH increased nearly fivefold. A recent Roper Poll shows that although the public recognizes speed as an important factor in highway crashes, an increasing number find it acceptable to drive over the speed limit.

Yet, under the current federal highway program, safety-minded states that wish to remain at 55 MPH are penalized for attempting to stem this speed epidemic and face constant pressure to increase their speed limits to 65 MPH. If a state has kept its roads posted at 55 MPH, it is subject to the loss of federal highway dollars if its drivers don't comply with that speed limit; but if a state has raised the speed limit to 65 MPH, it is not covered by the speed limit compliance rules on those roads and thus can sidestep sanctions.

This anomaly must be addressed in the reauthorization bill. The approach suggested in the Administration's proposal -- which simply eliminates enforcement provisions such as sanctions -- gives the federal government's blessing to speed scofflaws. States are not encouraged to remain at or return to 55 MPH, nor are they strongly encouraged to enforce their speed limits. Instead, the Administration would have each state simply certify that its drivers are obeying the speed limit, and would take them at their word.

We believe a better approach is to create effective mechanisms encouraging the states to take speed limit enforcement seriously, whether at 55 MPH or 65 MPH.

Under Advocates' proposal, if a state posts roads at 65 MPH, the state must prove that it is complying with the 65 MPH speed limit and that the fatality rates of its highways posted at 65 MPH do not exceed those of highways at 55 MPH. One penalty of non-compliance should be the return to 55 MPH on those roads.

In addition, if a state wishes to post or to continue to post a rural Interstate at 65 MPH, drivers of those roads should feel confident that the highway is as safe as it should be at that speed. The state should be required to upgrade the standards of their Interstate highways posted at 65 MPH. We have specific recommendations on how to achieve systematic safety improvements on our existing Interstate highways that will benefit all drivers on these roads.

To encourage compliance on roads posted at 55 MPH, a variety of mechanisms can be used, such as a reduction in the apportionment of federal funds in all major highway categories, ineligibility for any discretionary highway funds, and/or an increase in the state match for major highway programs excluding safety.

This is not a popular position to take, but without strong federal oversight of states' enforcement programs, we will see an increasing disregard for posted speed limits, resulting in more fatalities and injuries. We strongly urge that the reauthorization bill prohibit any expansion of the 65 MPH speed limit and encourage states to remain at or return to 55 MPH.

TRUCK SAFETY

The Surface Transportation Assistance bill must also address the vital issue of commercial vehicle safety, an issue which affects all highway users. When tractor-trailers crash, passenger vehicle occupants are the likely victims. In fatal crashes involving passenger cars and tractor-trailers, the car occupants are killed 49 times as often as the truck occupants. Combination trucks pulling two or more trailers are disproportionately represented in fatal accidents and are also more likely than single trailer trucks to jackknife in a crash. Thus, this bill must contain clear direction if we are to halt any

increase in allowable truck size and weight limits, especially in longer combination vehicles (LCVs), at either the federal or state level.

Use of these enormous trucks will rob some Americans of their lives and will needlessly divert highway taxes. Money that could be applied to enhance safety and mobility are used instead to restore the broken pavement and crumbling bridges that have been pounded to pieces by these giant rigs.

Since changes in federal law in 1982, the Federal Highway Administration (FHWA) has repeatedly indicated its inability to control state size and weight practices and we have seen a steady upward trend in truck lengths and weights. About 35 states currently allow loads greater than the federal limit of 80,000 pounds and 20 of these states permit such loads to be carried in LCVs.

These examples illustrate how the federal stance sharply influences safety in every state. The federal government has responsibility to disburse its monies as effectively as possible, a responsibility sharpened in this era of decreasing resources and increasing needs. **To meet this responsibility, safety must be a major consideration in all transportation investments. Safety considerations should be an integral part of every aspect of the planning, construction and rehabilitation of projects under the federal-aid highway program.**

If Congress adopts major program changes increasing flexibility for the states, it should not be at the expense of decreasing safety for the travelling public.

The federal government can decrease the toll on our highways by providing leadership through three methods: increasing the role of safety in the traditional highway construction programs, reauthorizing and strengthening existing highway safety programs and using federal highway dollars to encourage state action on safety issues. Let me briefly describe how this can be achieved.

**1. Increase the role of safety in the traditional highway construction and maintenance programs**

Most of the monies in the surface transportation assistance program apportioned to state and local governments are used for construction, reconstruction and rehabilitation of federal-aid highways.

Rarely has safety been a paramount consideration early in the planning process or throughout preliminary engineering and construction of roadways. **Effective federal oversight of highway fund expenditures must be guaranteed to ensure the thorough integration of safety into highway projects.**

Since the early seventies when the resurfacing, restoration, and rehabilitation process became the dominant approach in renovating older highways, safety has taken a back seat to the business of renewing pavement on highways whose outdated designs have mostly been left unchanged. The dangerous curves, narrow lanes and shoulders, and roadsides littered with fixed-object hazards have persisted despite the use of record amounts of federal assistance to resurface these primary and secondary highways.

Congress should ensure that safety is a paramount consideration in the use of federal assistance by requiring that states adopt plans for highway safety, highway work zone safety, the Interstate system, bridge, and pavement management. For example, as part of a comprehensive **Highway Safety Management Program**, the basic safety needs of all projects must be reviewed before federal approval is given.

These comprehensive management programs are necessary to restrengthen the federal stewardship of the highway program and guarantee that Congressional objectives of safety, mobility, and cost-effectiveness are met throughout the federal-aid highway systems. Overarching, national performance goals for the design and management of our highways and bridges must be clearly established by Congress and put into practice by the states.

The crucial link in this process is the Federal Highway Administration. Congress should direct the agency to create the appropriate management models. A balance must be struck between the genuine need for flexibility by the states to achieve the performance goals of the highway system that Congress desires and the need for a vigorous federal steward of the system to provide the unifying, directive function that must exist to achieve this. We cannot produce a 21st century highway system to meet all of our mobility requirements through a laissez-faire approach to the use of federal money and through the application of inferior highway and bridge design standards that are a return to the 1950s. Congress must have a clear vision of the highway system it wants this nation to have at the

millennium and it must put into operation now the mechanisms that are necessary to secure this system.

We are also convinced that special attention must be paid to highway work zone safety. More than 785 people were killed in work zones last year and we believe an intensive effort is necessary to reduce work zone fatalities and injuries. In addition, we recommend that Congress adopt a provision for an **Interstate Safety Emphasis Program** which requires states that adopt a 65 MPH speed limit to systematically upgrade those Interstates in order to reduce fatal and injury crashes. As mentioned earlier, no systematic review of the design of these highways to safely sustain this higher speed limit was completed before it was posted. We believe this review and upgrading will help stem the increase in fatalities documented on 65 MPH rural interstates and will demonstrate the virtues of superior highway design and traffic engineering.

This approach is echoed in the Administration's bill, which acknowledges the need for these mechanisms by requiring states to have in place similar management systems. Our proposals provide the detail not contained in the Administration's legislative proposal, including guidance on their content and schedules for action.

To develop federal standards for adequate maintenance of highways, a National Academy of Sciences' study should be conducted on minimum maintenance performance standards and the elements necessary for a comprehensive maintenance management system in the states.

I would like to submit a detailed copy of our proposal for the record.

**2. Reauthorize and strengthen existing highway safety programs**

The basic federal highway safety programs, such as the State and Community Highway Safety Grant Program (Section 402), have been traditionally underfunded and have been poor step-children to other federal highway programs. These efforts support basic programs promoting efforts such as safety belt and motorcycle helmet use, anti-impaired driving efforts, speed enforcement, emergency medical services, traffic safety law enforcement and pedestrian safety.

The Section 402 program was created to assist states and local communities in developing and implementing their highway safety programs. States are required to prepare a Highway Safety Plan annually, for approval by the National Highway Traffic Safety Administration (NHTSA), which outlines their programs in these areas. The distribution formula is based on population and public roadway mileage.

Funding for the basic Section 402 program has not increased in the last six years. These programs should be reauthorized at increased funding levels and, at a minimum, should grow in concert with growth in the federal highway construction and rehabilitation programs. Unfortunately, the Administration proposes doing the opposite. They seek to cut the Section 402 program by 8.7 percent and to decrease the federal match from 75 percent to 60 percent. Their proposed Section 402 program includes a set-aside provision for a new "safety bonus program," which grows from $5 million in Fiscal Year 1992 to $130 million in Fiscal Year 1996. These monies are likely to be used for construction rather than safety because of the way the program is structured.

We strongly support adequate funding for the State and Community Highway Safety Grant Program (Section 402), impaired driving deterrence programs, the Commercial Vehicle Safety Programs, and research, data collection and analysis programs.

**3. Use federal highway dollars to encourage state action on safety issues**

As mentioned earlier, the federal government has great influence over state safety activities through the provisions in federal highway programs and highway safety programs, such as sanctions for states without 21 year old minimum drinking ages. This successful provision, which is in the Administration's proposed bill, must be included in the Surface Transportation Assistance bill. Although all states currently have a minimum 21 year old drinking age law, without federal requirements these laws are vulnerable to repeal or expiration.

In the same manner, this legislation can provide leadership on the federal level to encourage all states to adopt safety belt and all-rider motorcycle helmet use laws.

We believe a variety of approaches short of sanctions can also be used to encourage state action and improve the safety of our highways, such as different matching ratios, changing the distribution of the U.S. DOT's discretionary funds, and incentive grants.

Advocates has many concerns in this legislation and would be happy to provide more details on our safety proposals. We hope that the Committee will consider our proposals to fully integrate safety into every aspect of the federal highway program. The opportunity to change the highway program to meet the mobility needs of the 21st century must also meet the public's safety needs.

Our nation is already paying an enormous, unnecessary price in dollars, family tragedy and lost productivity because of the unacceptably high numbers of deaths and injuries on our highways.

Without a new focus on safety, societal and economic costs -- such as hospital and other medical costs, short-term and long-term rehabilitation, Medicaid and other government support programs, insurance, even lost years of productivity -- will escalate further, adding to budget deficit burdens.

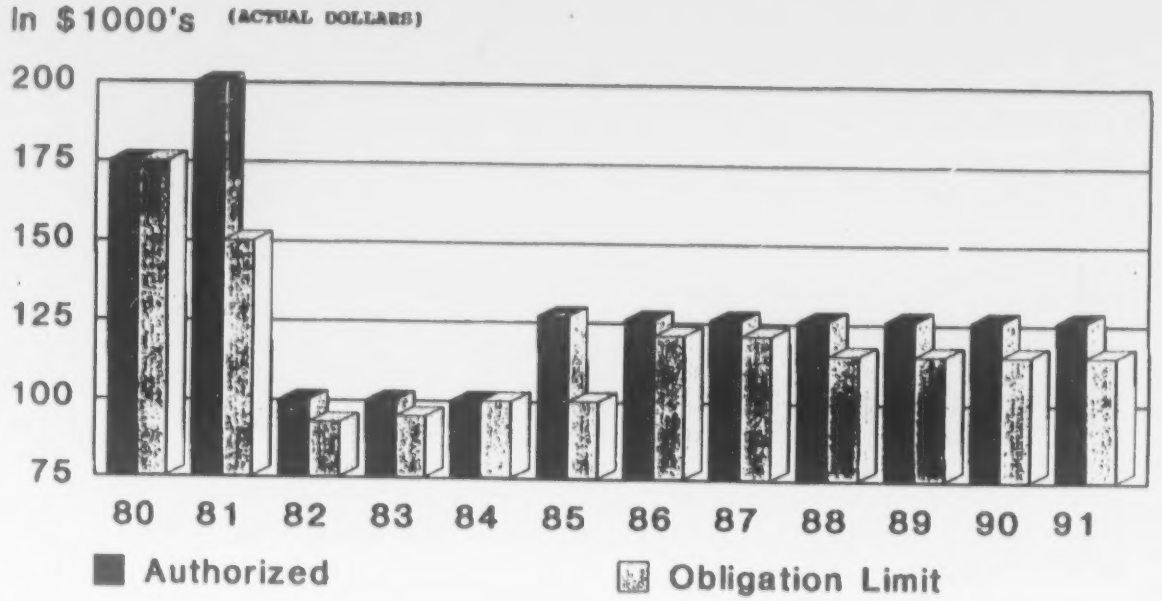
We urge you, this Committee and this Congress, at this critical juncture of the federal highway program, to institute a new emphasis on highway safety. Beginning with passage of the federal highway and motor vehicle safety acts in the late 1960s, we have learned that serious investments in safety are necessary, possible, and cost-effective, and that a well-balanced state-federal partnership is key to improving safety.

As the Committee develops its vision for the Surface Transportation Assistance bill, I hope it does not remain content with the "status quo" for highway safety. An investment now will reap social and economic benefits well into the next century. We urge that our new highway system be a new highway safety system.

I would be happy to answer any questions you may have. Thank you very much.

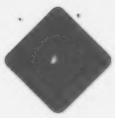
# Highway Traffic Safety Grants

## Section 402 Authorizations and Obligation Limits




SOURCE: U.S. Department of Transportation

for revised fed. allocations for auto safety



**ADVOCATES**
FOR HIGHWAY
AND AUTO SAFETY

**ADVOCATES' 1991 LEGISLATIVE PROPOSALS**
**FOR THE SURFACE TRANSPORTATION ASSISTANCE BILL**

At a time of scarce federal resources, Congress must assure that federal highway monies are used for activities which are managed effectively, which includes the integration of safety throughout all programs and planning, engineering and construction processes.

I. **Include specific highway safety priorities in the Surface Transportation Assistance Bill**

A) Encouraging state motorcycle helmet and safety belt use laws by incorporating the National Highway Fatality Injury Reduction Act (Chafee-Cooper bill) into the legislation.

B) Opposing efforts to broaden adoption of the 65 MPH speed limit.

C) Opposing any efforts to increase truck sizes and weights either at the federal level or by allowing states to permit increases.

II. **Use federal highway dollars to encourage state action on safety issues:**

The federal government has the ability to influence state activities through the state-federal relationship created by this legislation. If Congress adopts major program changes increasing flexibility for the states it should not be at the expense of decreasing safety for the travelling public. Advocates proposes that any redefinition of the principal arterial system should include safety. In addition to those items mentioned in (I), Advocates supports:

A) The continuation of federal highway funding sanctions for states that do not have a 21 minimum drinking age.

B) Federal requirements for state enforcement and compliance with the 55 MPH and 65 MPH speed limits. States that do not meet the federal compliance criteria for 65 MPH highways or have a higher fatality rate than highways posted at 55 MPH should be required to reduce the posted speed to 55 MPH until adequate compliance is achieved and/or fatalities are reduced. The speed reduction should take effect for at least two years.

C) Additionally, states that are not in compliance with the 55 MPH speed limit should be penalized by all or a combination of the following actions.

- ineligibility for any discretionary highway funds.

- ineligibility for any additional obligation authority apportioned by US DOT towards the end of the fiscal year.

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- an increase in state matching ratios for major highway programs excluding safety.

- a continuation of the current system of reducing the apportionment of federal funds in all major highway categories.

III. **Increase the role of safety in the traditional highway construction and maintenance programs**

Advocates supports strong federal oversight of highway fund expenditures to ensure the thorough integration of safety into all federal-aid highway projects. In order to achieve this Congress must require the Secretary of Transportation to do the following:

A) Require states that adopt a 65 MPH speed limit to systematically upgrade the geometric design and traffic control devices of all Interstate highways posted at 65 MPH in order to reduce fatal and injury crashes. States that wish to adopt a 65 mph speed limit in the future can do so only after systematically upgrading the geometric design and traffic control devices of such highways.

B) Ensure that every state has in place necessary management programs to assure that federal funds are being effectively spent in programs in which safety is fully integrated.

1) Provide for a comprehensive, federally approved management approach to the quality and safety of the **Interstate system** by requiring each state to have an approved Interstate management program that encompasses maintenance, pavement, highway safety strategies, and the use of improved design standards as a condition for the use of federal funds on Interstate highways. Congress should require the Secretary of Transportation to develop federal procedures for the approval of each state's management plan. Each state should have an approved and implemented plan no later than four years following the enactment of the surface transportation assistance bill.

2) Require a federally-approved, comprehensive pavement management program in each state. The **Pavement Management Plan** should integrate standards for pavement performance life, design, restoration strategies, and maintenance techniques with skid resistance safety needs. Standards should be issued by the Secretary of Transportation pursuant to the recommendations of a National Academy of Sciences' study. Congress should direct the Secretary to require states to develop a Pavement Management Plan no later than three years after the enactment of the surface transportation assistance bill.

3) Require each state to develop a comprehensive **highway safety management program** (HSMP) that must be approved by the Secretary of Transportation prior to the release of federal highway funds. A HSMP requires safety work to be performed in concert with all federal-aid reconstruction, resurfacing, restoration and rehabilitation projects. Also, require federally prescribed, improved roadside safety

and safety appurtenance design standards, update traffic control device standards, and issue new federal standards for sign legibility.

4) Provide that each state have a comprehensive **bridge management system** approved by the Secretary of Transportation. At present, only half of the states have written procedures for determining priorities in selecting bridge projects. The bridge management program should be developed by FHWA and should appropriately integrate the decision-making processes of such topics as replacement and restoration strategies, inspection intervals and techniques and overall operational safety needs. This requirement should take effect no later than four years following enactment of the new surface transportation assistance bill.

C) Request a National Academy Sciences' study of minimum maintenance performance standards and the elements necessary for a comprehensive maintenance management system on the states. Currently, there are no clear federally established standards for adequate maintenance of highways. A study by the National Academy of Sciences in consultation with FHWA and the states would lead to the development of comprehensive and uniform maintenance management programs in the states.

D) Require the development of a **highway work zone safety program** to reduce the number of unacceptable work zone deaths and fatalities. Last year, more than 750 people were killed in work zones. The program would improve work zone safety by enhancing the quality and effectiveness of traffic control devices, safety appurtenances, traffic control plans and bidding practices for traffic control devices and services. Also, require federally approved systems of training and certification for work zone safety personnel, the collection and analysis of work zone accident data, increased federal oversight of state work zone safety practices, and an annual report to Congress on the success of state efforts to reduce fatalities and injuries.

IV. **Reauthorize and strengthen existing highway safety programs**

Reauthorization of these programs at increased funding levels:
State and Community Highway Safety Grant Program (Section 402)
Impaired Driving Deterrence (Sections 408, 410)
Commercial Vehicle Safety Programs (MCSAP, CDL)
Research, Data Collection and Analysis programs

ADVOCATES
FOR HIGHWAY
AND AUTO SAFETY

FEDERAL-AID HIGHWAY ACT SAFETY PROVISIONS

1. INTERSTATE MANAGEMENT PROGRAM.

SUMMARY: PROVIDES FOR A COMPREHENSIVE, FEDERALLY APPROVED MANAGEMENT APPROACH TO THE QUALITY AND SAFETY OF THE ENTIRE INTERSTATE SYSTEM BY REQUIRING EACH STATE TO HAVE AN APPROVED INTERSTATE MANAGEMENT PROGRAM THAT ENCOMPASSES MAINTENANCE, PAVEMENT, HIGHWAY SAFETY STRATEGIES, THE USE OF IMPROVED INTERSTATE DESIGN STANDARDS, AND, WHERE APPLICABLE, AN INTERSTATE SAFETY EMPHASIS PROGRAM AS A CONDITION FOR THE USE OF I-4R FUNDS.

* Each state shall implement a unified, comprehensive management process for all aspects of the Interstate system, including pavement design and renovation strategies, inventories of identifiable safety design deficiencies, annual priority schedules for reconstructing and rehabilitating 65 mph Interstate highways to state-of-the-art design in accordance with the Interstate Safety Emphasis Program in those states where it applies, inspections and inventories of all bridges, maintenance calendars and procedures, and high geometric design and traffic control standards. The Secretary is directed to establish through proposed rulemaking, a comprehensive Interstate Management Program model, including Interstate maintenance performance standards, and standards for the reconstruction,

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resurfacing, restoration, and rehabilitation of the Interstate system that will, as much as is feasible, increase its uniformity of design and its safety to maximum extent and accommodate both current and probable future traffic needs, such model and standards to be made effective no later than eighteen months following the enactment of this legislation.

The Secretary is directed to institute Federal procedures for the approval of each state's submitted IMP and each state shall have an approved and implemented IMP no later than three years following the enactment of this legislation. The Secretary shall perform an annual comprehensive review at the end of each fiscal year of the adequacy of each state's approved IMP and shall report his findings to Congress by March 31 of the following year. The Secretary's review shall include, but not necessarily be limited to, the evaluation of each state's effectiveness in implementing high design standards on each I-4R project to ensure improved safety, durability, and capacity; of its success in coordinating and implementing the maintenance, bridge, highway safety, pavement management, and, where applicable, Interstate Safety Emphasis Program elements of its comprehensive IMP; and the extent to which the state's use of a comprehensive IMP has improved the cost-effective use of Federal I-4R funds.

The Secretary is directed to withhold approval of all I-4R projects unless the state has an approved IMP.

**2. INTERSTATE SAFETY EMPHASIS PROGRAM.**

**SUMMARY: PROVIDES FOR SYSTEMATIC UPGRADING OF GEOMETRIC DESIGN AND TRAFFIC CONTROL DEVICES ON RURAL INTERSTATE HIGHWAYS POSTED AT 65 MPH IN ORDER TO REDUCE FATAL AND INJURY ACCIDENTS.**

* Each state that has posted, or intends to post, any qualifying highway at 65 mph shall implement an **Interstate Safety Emphasis Program (ISEP)** that will reconstruct or otherwise rehabilitate each such highway in a manner that elevates the alignment, cross-section, and traffic engineering features of the highway to the highest feasible level of state-of-the-art design, including, but not necessarily limited to, wider lanes and shoulders, higher design speeds with improved sight distance, better entrance and exit ramp geometry, higher levels of skid resistance, larger and brighter signs and other state-of-the-art traffic control devices and pavement markings, and safety appurtenances that respond to the needs of drivers who are elderly or who have diminished capabilities and that accommodate the needs of the entire range of vehicle sizes and types. By the start of the next fiscal year following enactment of this section, each state shall have completed an inventory of all safety deficiencies on its Interstate highways posted or intended to be posted at 65 mph and shall file with the Secretary such inventory along with a

schedule of projects establishing a priority ordering and date-of-completion calendar for reconstructing or rehabilitating each Interstate highway that is posted or which the state intends to post at 65 mph. The Secretary shall review each state's submission in conjunction with its previously approved annual programs of projects pursuant to § 105 of this Chapter to ensure that all eligible projects are transferred to the ISEP program and shall approve each state's priority schedule of ISEP projects within six months following its submission. The Secretary shall grant his/her approval of each state's inventory and priority schedule for the forthcoming fiscal year only if s/he finds that the state has sufficiently emphasized the correction of identifiable safety deficiencies in the design and operation of each candidate highway, including, but not limited to, improvement of deficient cross-section and alignment, the reconstruction or rehabilitation of ramps and entrance/exit points along the mainline, and the state-of-the-art institution or renovation of all required safety appurtenances and traffic control devices. Each proposed ISEP project shall be approved by the Secretary and shall be designed, bid, and let in as short a time as possible. Each state shall spend a portion of its annual I-4R apportionment to accomplish such projects. Advocates recommends a minimum of 5% and a maximum of 20% of annual I-4R funds as a mandated range within which each state with 65 mph

highways shall fund ISEP projects. When a state demonstrates that its remaining ISEP work falls below the minimum required fiscal year amount, it may be granted an exemption from the minimum expenditure.

Each state shall provide a certification statement and accompanying documentation to the Secretary at the conclusion of each fiscal year that verifies that it has spent dedicated I-4R ISEP funds within the mandated range for ISEP work. If the Secretary finds that any state has failed to certify properly its use of I-4R funds or, on her review, finds that any completed ISEP project has not achieved the highest feasible state-of-the-art design in its reconstruction or rehabilitation of any Interstate highway, then the Secretary shall refuse to certify that state for the completed fiscal year, shall require that the Interstate highway(s) shall be posted at 55 mph, shall withhold payment of the Federal share for such project(s), and shall require the state to correct all identified deficiencies at its expense. When the Secretary, upon his/her review, finds that the state has satisfactorily corrected all identified deficiencies in the disputed project(s), the Secretary shall certify the state's compliance with its ISEP program for the completed fiscal year in question and shall restore the payment of the original Federal share for such project(s).

**3. PAVEMENT MANAGEMENT PROGRAM.**

**SUMMARY: PROVIDES FOR A REQUIRED, FEDERALLY-APPROVED COMPREHENSIVE PAVEMENT MANAGEMENT PROGRAM IN EACH STATE THAT INTEGRATES STANDARDS FOR PAVEMENT PERFORMANCE LIFE, DESIGN, RESTORATION STRATEGIES, AND MAINTENANCE TECHNIQUES WITH SKID RESISTANCE SAFETY NEEDS BASED ON THE STANDARDS ISSUED BY THE SECRETARY PURSUANT TO THE RECOMMENDATIONS OF A NATIONAL ACADEMY OF SCIENCES STUDY.**

* Congress should direct the Secretary:
- to establish through notice-and-comment rulemaking, pavement life performance standards for new and fully reconstructed pavement and to review the need to establish longer pavement life cycles for rehabilitated pavement on all of the FA systems.
- to require comprehensive PMSs for all states, to become effective contingent upon explicit FHWA approval no later than three years after the enactment of the reauthorization bill.
- to create through notice-and-comment rulemaking within eighteen months following enactment of this legislation, an appropriately specific PMS model that will be used as the basis for FHWA approval of a state's PMS. This should include, but not necessarily be limited to, Federal specifications for type selection and design of new, reconstructed, and rehabilitated

pavements; specific analysis periods; system inventories of pavement design and condition, particularly for the purpose of being used as the basis for cost-effectiveness choices for pavement renovation; the inclusion of user costs as part of life cycle costs; a requirement for systematic skid testing; economic analyses of alternative approaches for the design for all Federally assisted pavements; and maintenance performance criteria and strategies. The provision and/or legislative history should make clear Congressional intent that any approved comprehensive PMS should effectively integrate design, type selection, and construction/reconstruction/rehabilitation methods with maintenance calendars, strategies, and techniques. No project for any purpose receiving Federal assistance shall be approved by the Secretary unless it is designed and built pursuant to a fully approved state Pavement Management System. The Secretary shall perform an annual review at the end of each fiscal year of the adequacy of each state's approved PMS and report his findings to Congress by March 31 of the following year.

* The National Academy of Sciences is directed to conduct research into the requirements for skid-resistant pavement surfaces on highways and streets. The results of such research, together with the National Academy's recommendations, shall be

provided to the Secretary no later than two years following enactment of this bill and shall form the basis of proposed rulemaking by the Secretary to establish nationally uniform standards for instituting and maintaining highly skid resistant pavement surfaces on all Federally assisted highways and streets, such standards to become effective no later than September 30, 1995.

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**4. HIGHWAY SAFETY MANAGEMENT PROGRAM**

**SUMMARY: PROVIDES FOR A UNIFIED HIGHWAY SAFETY IMPROVEMENT PROGRAM THAT INTEGRATES THE GOALS OF THE CATEGORICAL SAFETY CONSTRUCTION PROGRAMS WITH REGULAR AUTHORIZATION PROGRAM 4R PROJECTS. CREATES A COMPREHENSIVE HIGHWAY SAFETY MANAGEMENT PROCESS REQUIREMENT FOR EACH STATE THAT MUST BE APPROVED BY THE SECRETARY. ALSO REQUIRES FEDERALLY PRESCRIBED IMPROVED ROADSIDE SAFETY AND SAFETY APPURTENANCE DESIGN STANDARDS, UNIFORM TRAFFIC CONTROL DEVICE STANDARDS ISSUED AND AMENDED BY THE SECRETARY, AND NEW FEDERAL STANDARDS FOR SIGN LEGIBILITY.**

* Each state shall have a comprehensive highway safety management program approved by the Secretary within three years following enactment of this bill. Each state's program shall be based on the management principles and other requirements established by the Secretary through proposed rulemaking, such principles and requirements to become effective no later than eighteen months years following enactment of this bill. Such principles and requirements shall include, but not necessarily be limited to: provisions for an effective record system of accidents; adequate accident investigations to determine the probable causes of accidents, injuries, and deaths on all Federal-aid highways; geometric design and traffic control

standards that can ensure the highest feasible levels of operating safety; provisions for work zone safety; roadside and highway safety appurtenance design standards that ensure the highest feasible levels of safety for single-vehicle accidents by reducing both fatalities and injuries and their severity as much as possible, including crashworthiness peformance criteria for all highway roadside design features, such as drainage structures and slopes, traffic control devices and their supports, barriers, bridge railings and parapets, and impact attenuators; the safety elements of maintenance and bridge management programs; skid resistant pavement design; a system for evaluating the safety cost-effectiveness of projects completed with funding under this section; and other such principles and requirements for areas of management, design, and operation as the Secretary shall deem necessary and proper.

As part of its comprehensive safety management process, each state shall conduct a **safety needs review** of each project programmed for construction, reconstruction, or R-R-R for the purpose of selecting the most cost-effective safety countermeasures. The safety needs review shall comprise geometric design, roadside safety, and traffic engineering needs, and shall be conducted in accordance with systemwide safety needs reviews in order to avoid piecemeal decisionmaking on an ad hoc, project-by-project basis. Such systemwide reviews shall list all

hazardous locations, both potential and those verified through accident experience, and shall establish a priority schedule for correction that calendars safety improvements on projects planned for pavement renewal and increased capacity. Notwithstanding any other provision in this section or in the Act, however, if a state's safety review demonstrates a need for a specific safety countermeasure that is not part of a regular project for the reconstruction, resurfacing, restoration, or rehabilitation of any Federally assisted highway, funds authorized under this section may be used for such project.

No project for any purpose receiving Federal assistance shall be approved by the Secretary unless it is designed pursuant to a fully approved state Highway Safety Management Program (HSMP) that incorporates both an existing systemwide safety review and a project-specific safety needs evaluation.

For the purpose of establishing a comprehensive Highway Safety Management Program in each state, carrying out both systemwide and project-specific safety reviews, and correcting hazardous conditions as part of a regular reconstruction, resurfacing, restoration, or rehabilitation project, or as an independent hazard elimination project, including the installation, retrofit, replacement, or repair of traffic control devices and their supports, safety appurtenances, barriers, railings, parapets, impact attenuators, and correction of other

hazardous conditions, the Federal share payable shall be 90 percent of the cost.

The Secretary shall perform a comprehensive review at the end of each fiscal year of each state's approved HSMP and shall report its findings to Congress by March 31 of the following year. The Secretary's review shall comprise, but not necessarily be limited to, an evaluation: of the effectiveness of each state's safety needs reviews; of the safety countermeasures performed as an integral part of each reconstruction, resurfacing, restoration, and rehabilitation project; of the quality and reliability of the safety effectiveness evaluations performed by each state following completion of each project; and of the overall level of safety benefits achieved through the projects of the previous fiscal year.

* Amend § 109(a) to add a subsection (3) as follows:
"(3) that conforms to the standards and practices for the design and use of traffic control devices promulgated by the Secretary, who is directed to approve only such installations as will promote the safe and efficient utilization of the highways."

* Amend § 109(d) to read as follows:

"(d) On any highway project, the location, form and character of informational, regulatory and warning signs, curb and pavement

or other markings, other traffic control devices providing warning, delineation and channelization of traffic, and traffic signals installed or placed by any public authority or other agency, shall conform to the nationally uniform standards and practices for the design, performance, and maintenance of such signs, markings, devices, and signals, as promulgated by the Secretary and promptly revised by him from time to time to accommodate the state of the art in traffic engineering and highway safety."

* The Secretary is directed to propose rulemaking that shall establish revised legibility standards for signs that will accommodate all licensed drivers, including the elderly and other motor vehicle operators with diminished visual capabilities, to become effective no later than two years after enactment of this bill. These standards shall be appropriately coordinated with any standards adopted by the agency for minimum maintained levels of retroreflectivity. Each state shall fully comply with such standards for enhanced legibility within five years after such standards are promulgated by the Secretary. (In order to alleviate the cost burdens, the legislative history accompanying the provision should make clear that the Secretary is authorized to require compliance in a series of stages within the statutory timeframe.)

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**5. BRIDGE MANAGEMENT PROGRAM.**

**SUMMARY: PROVIDES FOR A REQUIREMENT THAT EACH STATE HAVE A COMPREHENSIVE BRIDGE MANAGEMENT SYSTEM APPROVED BY THE SECRETARY AND BASED ON A MODEL PRODUCED BY SECRETARIAL RULEMAKING THAT APPROPRIATELY INTEGRATES THE DECISIONMAKING PROCESSES OF SUCH TOPICS AS REPLACEMENT AND RESTORATION STRATEGIES, MAINTENANCE FORECASTING AND STRATEGIES, INSPECTION INTERVALS AND TECHNIQUES, AND OPERATIONAL SAFETY.**

* Each state, and other authority receiving Federal assistance for the inspection, replacement, and rehabilitation of qualifying bridges, shall implement a comprehensive bridge management system (BMS) approved by the Secretary no later than 2 years following enactment of this bill. The Secretary is directed to conduct rulemaking to establish such principles and requirements comprising a comprehensive bridge management system, to become effective no later than one year following enactment of this legislation.

The Secretary shall ensure that the BMS in each state, or other authority, shall include, at a minimum, alternative strategy evaluation for each bridge project, systemwide analysis of design choices, systemwide based cost-effectiveness selection criteria, priority ranking for rehabilitation and replacement,

the specification of rigorous inspection criteria and intervals (especially for in-water bridge supports), maintenance performance goals and procedures, and maximum attention in project design to consequent operational safety needs.

The Secretary is directed to perform a comprehensive review at the end of each fiscal year of each state's or other authority's comprehensive BMS which shall appropriately assess, among other things, the effectiveness of its BMS in establishing bridge maintenance, rehabilitation, and replacement needs through systemwide priority scheduling; the effectiveness of maintenance strategies and techniques, and their integration with bridge rehabilitation and replacement; the timeliness and effectiveness of bridge inspections, including, in particular, underwater inspections; and the effectiveness of alignment, cross-section, safety appurtenance, and traffic engineering strategies to improve operating safety. The Secretary shall report the results of such comprehensive reviews to Congress no later than March 31 of the following year.

**6. HIGHWAY MAINTENANCE MANAGEMENT PROGRAM.**

**SUMMARY: PROVIDES FOR A NATIONAL ACADEMY STUDY OF MINIMUM MAINTENANCE PERFORMANCE STANDARDS AND OF THE ELEMENTS NECESSARY FOR COMPREHENSIVE MAINTENANCE MANAGEMENT SYSTEMS IN THE STATES.**

* The National Academy of Sciences is directed to carry out a study of the need for minimum maintenance performance standards for the non-Interstate Federal-aid systems, to be concluded and provided to the Secretary no later than eighteen months after the enactment of a new authorization bill. This study shall form the basis for proposed rulemaking by the Secretary to establish such minimum maintenance performance standards to become effective no later than one year after his receipt of the National Academy study.

* The National Academy of Sciences, in appropriate consultation with the FHWA and the states, shall study the need for the states to conduct their maintenance activities under a comprehensive maintenance management system, such study to be concluded and provided to the Secretary no later than eighteen months after the enactment of a new authorization bill. Such a comprehensive maintenance management system shall include, but not necessarily be limited to, such features as systemwide pavement needs, riding

surface adequacy, shoulder integrity, drainage needs, vegetation control, traffic control device and pavement marking cleaning and repair, and the maintenance of roadside and appurtenance safety conditions. The system shall contain analytical tools and decision mechanisms for determining the most timely and cost-effective techniques for maintaining these areas and shall appropriately interface with the other major program areas of the state highway department involving design, programming, and the choice of reconstruction and R-R-R strategies. This study shall form the basis for proposed rulemaking by the Secretary to establish a model for such a comprehensive maintenance management system to become effective no later than one year after his receipt of the National Academy study.

The Secretary shall not approve any state's submitted annual program of proposed projects pursuant to 23 USC § 105 if it has failed to comply with such minimum maintenance performance standards and has not implemented a Federally approved comprehensive maintenance management system by a date certain to be determined by the Secretary.

7. HIGHWAY WORK ZONE SAFETY PROGRAM

SUMMARY: PROVIDES FOR IMPROVED WORK ZONE SAFETY BY ENHANCING THE QUALITY AND EFFECTIVENESS OF TRAFFIC CONTROL DEVICES, SAFETY APPURTENANCES, TRAFFIC CONTROL PLANS, AND BIDDING PRACTICES FOR TRAFFIC CONTROL DEVICES AND SERVICES. REQUIRES FEDERALLY APPROVED SYSTEMS OF TRAINING AND CERTIFICATION FOR WORK ZONE SAFETY PERSONNEL RESPONSIBLE FOR IMPLEMENTING AND OVERSEEING TRAFFIC CONTROL AND OPERATIONAL SAFETY. REQUIRES COLLECTION AND ANALYSIS OF APPROPRIATE WORK ZONE ACCIDENT DATA AND ADEQUATE FEDERAL OVERSIGHT OF WORK ZONE SAFETY PRACTICES IN THE STATES. REQUIRES AN ANNUAL REPORT TO CONGRESS ON THE SUCCESS OF THE STATES' EFFORTS UNDER THIS SECTION.

"(a)(1) Signs, and other temporary and permanent traffic control devices and markings, used to inform, warn, and guide motorists through the work zone, shall be as bright, conspicuous, and legible as is feasible under both day and night operating conditions. Such signs, devices, and markings shall provide the guidance and the legible symbol and word messages that meet the needs of older drivers and other vehicle operators with diminished capabilities. (2) The Secretary shall establish, through proposed rulemaking, nationally uniform standards for the conspicuity and legibility of signs and other traffic control

devices and markings to become effective no later than September 30, 1993.

(b) Each state highway department shall ensure that all work zones open to through traffic shall at all times have appropriate temporary pavement markings and other supplementary delineation of the safe travel paths through the work areas. Such markings and supplementary delineation shall, as much as feasible, replicate the state-of-the-art centerline and edgeline delineation of permanent roadways.

(c)(1) All work zone temporary traffic control devices shall be desig ıd and deployed in a manner to reduce, as much as is practicable, the potential for vehicle impact and to minimize the threat of injuries to workers, pedestrians, and vehicle occupants. (2) All traffic control devices and their supports, as well as barrier systems and impact attenuators, shall meet crashworthiness performance criteria established by the Secretary through proposed rulemaking, the final rule to become effective no later than September 30, 1993. The goal of such standards shall be to provide the highest feasible levels of crash performance.

(d) Each state highway department shall use unit pay items for providing, installing, moving, replacing, and maintaining traffic control devices and safety systems of barriers and impact attenuators.

(e)(1) A traffic control plan (TCP) shall be developed for each project and included in its plans, specifications, and estimates. The degree of detail in each TCP shall be commensurate with the highest feasible level of safety in the work zone that can be achieved for motorists, workers, and pedestrians. Each TCP shall be consistent with the requirements of this section, including the regulations that the Secretary is directed to establish pursuant to subsections (a)(1) and (c)(2) as well as with all existing policies that the Secretary has promulgated which govern work zone safety. (2) All TCPs developed by highway contractors shall be approved by each state highway department and all Interstate 4-R project TCPs shall be directly approved by the Secretary."

(f)(1) Each state highway department shall designate for each project a person trained and certified pursuant to subsection (2) who will have the authority and primary responsibility for assuring that the TCP and other safety aspects of the work zone are effectively administered, including the authority to stop work, if necessary, to ensure the safety of motorists, workers, and pedestrians and the responsibility to record all motor vehicle accidents that occur in the work zone. (2) The Secretary shall establish through a proposed rulemaking, standards for the training and certification of the persons directly responsible for temporary traffic control and project

safety in work zones, as set forth in subsection (a), such standards to become effective no later than September 30, 1993. (g)(1) Each state highway department shall collect data on all work zone accidents occurring within the state which shall include, but not necessarily be limited to, the type of accident in each instance, whether single- or multi-vehicle, and the nature and extent of the damage, injuries, or fatalities sustained; the age of the vehicle operator(s); the type of highway on which each accident has occurred; the type of work zone in which the accident has occurred (construction, maintenance, utility, etc.); and the length, duration, traffic volume, percentage of heavy trucks and other relevant design and operational characteristics of the work zone. (2) Each state highway department shall analyze and use work zone accidents and accident data to continually correct deficiencies in each work zone and to improve future TCPs. The results of such analyses shall be made available to the Secretary on a continuing basis. (3) Each state highway department shall organize these work zone accident data for each fiscal year in a format to be determined by the Secretary and shall send such data to the Secretary no later than December 31 following the close of each fiscal year."

(h)(1) The Secretary is directed to conduct annual reviews of work zone safety, including on-site inspections of temporary traffic control conditions at selected sites in each state and a

review of each state's TCPs and other work zone safety procedures and policies. (2) The Secretary shall also make an annual assessment, both state-by-state and on a national level, of the previous fiscal year's work zone accident experience in order to determine the effectiveness of each state's work zone safety practices. The results of such state-by-state and overall national inspections, reviews, and assessments shall be annually reported to the Congress by March 31 of each year.

(i)(1) If any on-site inspection, TCP review conducted pursuant to subsection (h), or other information demonstrates inadequate traffic safety conditions in any highway project work zone, the Secretary shall promptly notify the state in writing to take immediate corrective action to conform its work zone traffic safety practices to the requirements of this section and other applicable provisions of this Act and Federal regulations. (2) Any state that has been notified by the Secretary of deficiencies in work zone traffic safety shall:
(A) correct all identified deficiencies on projects within five days of the receipt of such notice; (B) review all other similar projects in the state for comparable deficiencies and correct those deficiencies within ten days of the receipt of the notice from the Secretary; and, (C) certify immediately to the Secretary in writing that necessary corrective actions on all affected projects have been completed. (3)(A) The Secretary

shall withhold final approval for projects in any state that fails to comply with any portion of subsections (a) through (h). (B) The Secretary shall withhold final approval for any project(s) under subsections (i)(2)(A) and (i)(2)(B) which has not been certified by the State in accordance with subsection (i)(2)(C). (4) The Secretary shall promulgate regulations to assure prompt and timely implementation of this subsection."

* Amend 23 U.S.C. § 120(d) to read as follows:

"(d) The Federal share payable on account of any project for the elimination of hazards of railroad-highway crossings, as more fully described and subject to the conditions and limitations set forth in Section 130 of this title, and for any project for traffic control signalization or for pavement marking or for commuter carpooling and vanpooling or for installations of traffic signs, or for temporary traffic control devices, markings, and safety appurtenances for guiding, warning, and protecting traffic, workers, and pedestrians in highway work zones, highway lights, guardrails, or impact attenuators, may amount to 100 per centum of the cost of construction of such projects . . ."

ADVOCATES
FOR HIGHWAY
AND AUTO SAFETY

FEDERAL-AID HIGHWAY ACT SAFETY PROVISIONS
SUMMARY

INTERSTATE MANAGEMENT PROGRAM (IMP)

The current Interstate maintenance guidelines do not contain performance standards for vital aspects of the system such as pavement durability, skid resistance, and traffic control device condition and performance. The design policy proposal currently being considered by FHWA for rulemaking would essentially allow any existing designs for reconstruction and R-R-R work to be approved for federal assistance.

The IMP is a comprehensive approach which requires each state to have an approved Interstate management program that encompasses maintenance, pavement, highway safety strategies, the use of improved design standards and, where applicable, an Interstate Safety Emphasis Program as a condition for the use of federal funds on Interstate highways.

Program includes:

* Each state required to have a unified, comprehensive maintenance management program for all aspects of Interstate highways.

* FHWA establishes IMP model in 18 months through rulemaking, including maintenance performance standards and reconstruction, resurfacing, restoration, and rehabilitation (4R) design standards.

* FHWA approval of each state's IMP 3 years after enactment.

* Annual FHWA review and Congressional report.

* I-4R projects not approved by FHWA if state does not have federally approved IMP.

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INTERSTATE SAFETY EMPHASIS PROGRAM (ISEP)

Rural Interstate highways that have been posted at 65 MPH have produced disproportionate and unacceptable increases in fatalities and injuries. ISEP requires that all Interstate highways posted, or proposed to be posted, at 65 MPH, must be reconstructed or rehabilitated to state-of-the-art Interstate design.

Program includes:

* Projects will elevate the alignment, cross-section, and traffic engineering features of the highway to the highest feasible level of state-of-the-art design. These improvements will enhance the capability of the highway to accommodate elderly drivers with slower reaction-perception times and vehicles with inferior performance, such as large trucks.

* Each state to inventory and set priorities on Interstate highways posted or to be posted at 65MPH. Other I-4R projects are to be reviewed and, if eligible, transferred to ISEP program.

* Each state's inventory and priority schedule to be approved by FHWA.

* All ISEP projects to be approved by FHWA.

* I-4R spending basement and ceiling of 5% and 20% to be used for ISEP projects, respectively.

* Highways not upgraded are to revert to 55 MPH.

* Exemption allowed from minimum expenditure upon state showing.

* State submits certification statement of compliance to Secretary each year. If a state does not comply, certification is denied until deficiencies are corrected at the state's expense. The federal payment will be restored once deficiencies corrected and state's compliance certified.

PAVEMENT MANAGEMENT PROGRAM (PMP)

The current federal rule does not ensure that only long-lived, durable pavement with good surface safety properties will be subsidized with federal funds. Also, no performance standards for skid-resistance on federal-aid highways exist in federal regulation. The PMP requires a federally-approved, comprehensive pavement management program in each state.

Program includes:

* All states required to have comprehensive Pavement Management Systems (PMS).

* FHWA establishes PMS model through rulemaking within 18 months after enactment.

* Each state's PMS approved by FHWA no later than 3 years after enactment.

* FHWA directed to establish pavement life performance standards for both new and fully reconstructed pavement.

* FHWA directed to review need for longer pavement life cycles for rehabilitated pavement.

* PMS must integrate design, type selection, and 4R methods with maintenance.

* FHWA must perform annual review and report to Congress.

* Projects must be designed and built according to the state's approved PMS to receive FHWA approval.

* National Academy of Sciences (NAS) directed to conduct research into skid-resistance needs.

* NAS report forms basis for nationally uniform skid resistance standards.

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HIGHWAY SAFETY MANAGEMENT PROGRAM (HSMP)

The effectiveness of current safety categorical programs is limited because of problems such as the lack of coordination with regular construction programs. The Federal Manual of Uniform Traffic Control Devices (MUTCD) has insufficient statutory basis and is applied poorly outside of the federal-aid systems.

The HSMP requires each state to develop a comprehensive highway safety management program (HSMP) that must be approved by the Secretary of Transportation prior to the release of federal highway funds. A HSMP requires safety work to be performed in concert with all federal-aid reconstruction, resurfacing, restoration and rehabilitation projects. The HSMP also requires federally prescribed, improved roadside safety and safety appurtenance design standards, updated traffic control device standards, and issuance of new federal standards for sign legibility.

Program includes:

* Each state must have a unified highway safety improvement program within 3 years following enactment that integrates categorical safety construction program goals with regular 4R projects.

* FHWA must establish management principles and other safety program requirements through rulemaking within 18 months following enactment. (See specific elements of federal HSMP model in "Federal-Aid Highway Act Safety Provisions," p. 10-11.)

* Each state must get FHWA approval of its comprehensive highway safety management process.

* Each state required to perform safety needs review of each construction or 4R project based on systemwide safety needs review.

* States must have priority schedule for projects.

* Special safety projects that are not part of 4R projects are permitted.

* FHWA cannot approve any federally assisted project unless designed pursuant to federally approved HSMP.

* 90% federal funding.

* FHWA performs comprehensive review of each state's HSMP each year and reports to Congress.

* FHWA traffic control standards are elevated to statutory mandate.

* FHWA rulemaking required to revise legibility standards of highway signs to accommodate all licensed drivers.

* State compliance with new legibility standards within 5 years after FHWA Final Rule.

BRIDGE MANAGEMENT PROGRAM (BMP)

More than 40% of the nation's 577,000 bridges are structurally deficient or functionally obsolete. Yet only half of the states have written procedures for determining priorities in selecting bridge projects and few states have a priority selection process that takes preservation activities into account in a systematic way.

The BMP requires each state to have a comprehensive bridge management system approved by the Secretary of Transportation. FHWA is to develop the bridge management program to appropriately integrate the decision-making processes of such topics as replacement and restoration strategies, inspection intervals and techniques and overall operational safety needs.

Program includes:

* Requires each state to have comprehensive Bridge Management System (BMS) within 2 years of enactment.

* FHWA must conduct rulemaking within one year after enactment to establish BMS model for states.

* Each BMS must include specific elements as set forth in federal model. (see specifications of these in "Federal-Aid Highway Act Safety Provisions," p. 15-16)

* FHWA must perform an annual comprehensive review of each state's BMS. (see specific elements listed in "Federal-Aid Highway Act Safety Provisions," p. 16)

* FHWA must report results of reviews to Congress each year.

HIGHWAY MAINTENANCE MANAGEMENT

Currently, no federally established standards exist for adequate maintenance of highways built, reconstructed or rehabilitated with federal assistance.

A National Academy Sciences (NAS) study of minimum maintenance performance standards and the elements necessary for a comprehensive maintenance management system on the states should be required in the Surface Transportation Assistance bill.

* NAS is to carry out study within 18 months after enactment of need for minimum maintenance performance standards for non-Interstate federal-aid systems.

* NAS study forms the basis for FHWA rulemaking within one year to establish minimum maintenance performance standards.

* NAS is also to carry out study within 18 months of enactment of need for comprehensive state maintenance management systems. (see features of maintenance management system in "Federal-Aid Highway Act Safety Provisions," p. 17-18)

* FHWA can not approve annual state program of proposed projects pursuant to 23 USC § 105 if any state fails to comply with minimum maintenance performance standards and/or has not implemented federally approved comprehensive maintenance management system.

HIGHWAY WORK ZONE SAFETY PROGRAM

Last year, more than 785 people were killed in work zones. The highway work zone safety program would improve work zone safety by enhancing the quality and effectiveness of traffic control devices, safety appurtenances, traffic control plans and bidding practices for traffic control devices and services. The program would also require federally approved systems of training and certification for work zone safety personnel, the collection and analysis of work zone accident data, increased federal oversight of state work zone safety practices, and an annual report to Congress on the success of state efforts to reduce fatalities and injuries.

Program includes:

* Requires state-of-the-art traffic control devices (TCDs) to accommodate all drivers.

* Requires FHWA to establish TCD conspicuity and legibility standards by 9/30/93.

* Requires states to have full-standards pavement markings in all work zones.

* Requires FHWA to establish TCD safety and crashworthiness criteria through rulemaking by 9/30/93.

* Requires state unit pay items for work zone TCDs, barriers, and attenuators.

* Requires Plans, Specifications, and Estimates inclusion of project-specific traffic control plans (TCPs).

* Contractor TCPs must be approved by state highway departments.

* I-4R TCPs must be approved by FHWA.

* Requires state highway department designation for each project of trained and certified work zone traffic control supervisor.

* FHWA must establish standards through rulemaking by 9/30/93 for training and certification standards.

* States must collect all work zone accidents by specified categories. (see elements required in work zone data, "Federal-Aid Highway Act Safety Provisions," p. 22)

* States must analyze all work zone accidents and data in order to improve work zone traffic control.

* States are to provide annual fiscal year report to FHWA of work zone accident data.

* Requires FHWA annual reviews of work zone safety.

* FHWA must annually assess work zone accident experience and report to Congress by 3/31 of each year.

* FHWA must set up system of notification to states of inadequate work zone safety.

* If notified, state must correct all deficiencies within 5 days, review other state projects for similar deficiencies, and certify to FHWA that corrections have been made.

* FHWA must withhold final project approval for projects that fail to comply with all foregoing requirements.

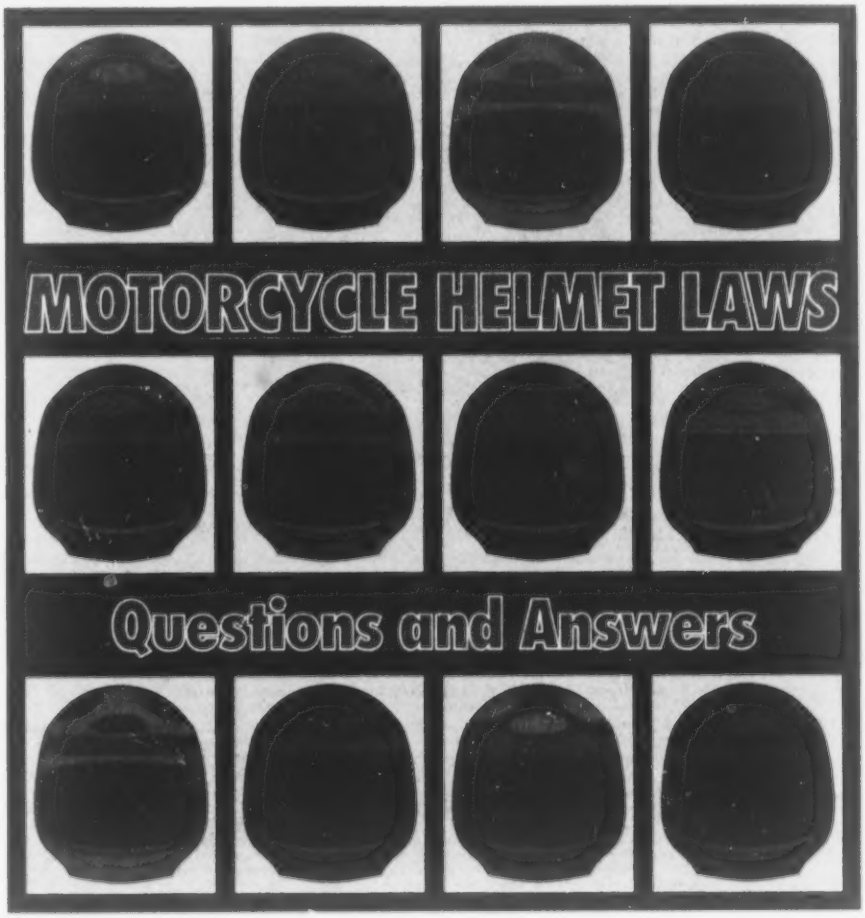
* FHWA must conduct rulemaking to implement these requirements.

* 100% federal funding for work zone TCDs and safety appurtenances through amending 23 USC § 120(d).

Injury Prevention Network

— NEWSLETTER—

Spring 1991 Volume 8 • No. 1



## Thanks to the Advocates for Highway and Auto Safety . . .

A mini-grant from the *Advocates for Highway and Auto Safety* to the Trauma Foundation assisted in the preparation and printing of this newsletter.

*Advocates for Highway and Auto Safety* is a broad-based alliance of citizen groups, insurers, safety and law enforcement groups, recently formed to reduce deaths, injuries and economic loss associated with motor vehicle crashes, fraud and auto theft. The co-Chairs of its Board are Joan Claybrook, President of Public Citizen and Gerald Maatman, President and CEO of Kemper Insurance. Judith Stone is Executive Director. Andrew McGuire of the Trauma Foundation serves on its Board.

*Advocates'* goals are to promote legislative and regulatory priorities; increase public awareness; and provide new support and energy to existing constituencies. *Advocates'* principal focus is the passage of effective federal and state highway safety legislation, and the adoption and implementation of regulations and policies to reduce car crash deaths and injuries, and to initiate practical programs to contain auto thefts and other loss costs.

*Advocates'* legislative priorities on the federal level include NHTSA's reauthorization bill, the Safety Belt and Motorcycle Helmet Use legislation (Chafee/Cooper bill), highway safety appropriations, highway program reauthorization, auto crash parts legislation and auto theft legislation. Regulatory issues include: side impact crash protection for passenger vehicles, passive restraints for vans and light trucks, 5 MPH bumper standards, upgraded van and light truck standards, pedestrian safety / child restraint / rollover protection standards, and speed advertising. On the state level, issues include: motorcycle helmet laws, seat belt and child restraint laws, speed limits, roadside sobriety checkpoints, administrative license suspension legislation, and bumper quality disclosure laws.

*Advocates' 1990 press conference on the Cooper/Chafee bill in Washington, D.C. Left foreground to right background: survivors Michael Gemma and Tony Lineberry, Actor Doug Barr, Mary Price and Rep. Jim Cooper (D-TN).*

**Injury Prevention Network**
NEWSLETTER

The **Injury Prevention Network Newsletter** is a nonprofit, membership supported publication, providing an injury prevention forum for current research, strategies and actions to promote the nation's health.

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**CONTRIBUTIONS** are welcome and are tax deductible as allowed by law.

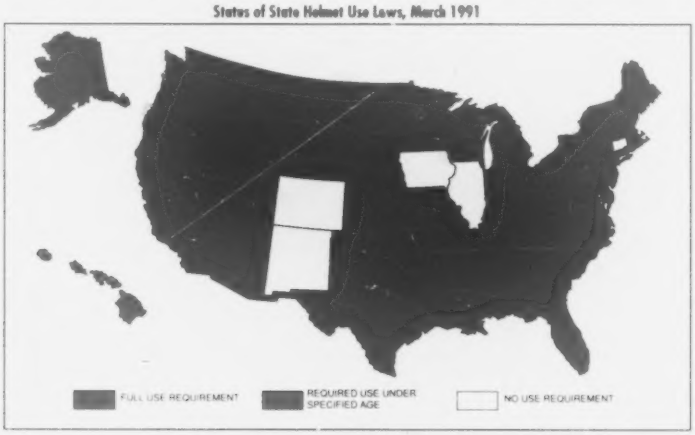
**LETTERS** — The editors of the Injury Prevention Network Newsletter welcome responses to newsletter articles. We reserve the right to review all letters and print them at our discretion. Letters will be reviewed with an eye towards relevancy to current topics and recent content of the Newsletter, and availability of space. All letters are subject to editing. Ed.

# MOTORCYCLE HELMET LAWS

## WHAT STATES HAVE WHICH HELMET LAWS?

**As of March, 1991, 23 states, the District of Columbia and Puerto Rico have full-use laws, 23 states have partial use laws and four states (Colorado, Iowa, Illinois and Connecticut) have no law.** States with partial use laws require those younger than 18 years to wear helmets with the following exceptions: California (under 15 1/2 years of age), Delaware (under 19 must wear helmets and helmets must be in the possession of other riders, even though use is not required), Maine (under 15 years of age, all learners and for one year after licensure), Ohio (first year novices and their passengers), Rhode Island (only passengers), South Carolina (under 21 years), Wisconsin (those with instructional permits), Wyoming (under 19 years).

**Status of State Helmet Use Laws, March 1991**



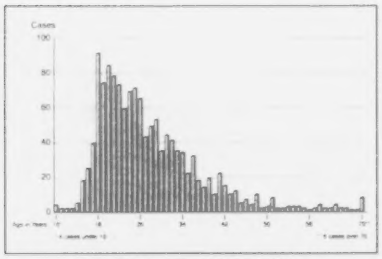

## WHAT IS THE LEGISLATIVE HISTORY OF STATE HELMET LAWS?

**In the late 60's most states enacted full-use laws; in the 70's about half of these states weakened their laws; in the 80's and 90's states are reenacting full-use laws.** The Highway Safety Act of 1966 strongly encouraged the states to enact mandatory motorcycle helmet use laws. The Act stated that the Department of Transportation would withhold 10% of Federal highway construction funds and all Federal highway safety funds from States that were not implementing an approved highway safety program. Under the Department's implementing regulations, a State's highway safety program would not be approved unless its law provided that motorcycle operators and passengers wore an approved safety helmet. By 1975 the District of Columbia and 47 States required all motorcyclists to use helmets.

In 1976, Congress passed another Highway Safety Act which withdrew the Department's authority to withhold highway funds from states. Between 1976 and 1983, 28 states either repealed their helmet use laws or weakened them to require only younger riders to wear helmets. Since 1981, five states have reinstated full use helmet laws: Louisiana (1981), Oregon (1988), Texas and Nebraska (1989) and Washington (1990).

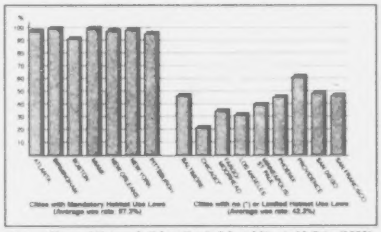
## WHAT IS WRONG WITH HELMET LAWS WHICH REQUIRE ONLY YOUNGER RIDERS TO WEAR HELMETS?

**The majority of motorcyclists who die are not younger than 18 years.** Most states with these partial-use laws require only younger riders (mostly those under 18 years) to wear helmets. However, since 1981, over 90% of the motorcycle fatalities nationwide have been older than 18 years of age (1986, NHTSA) (see graph below for age distribution of fatally injured motorcyclists in California, 1987-88 Source: Romano, McLoughlin, 1991).



Motorcyclist Age at Death, California, 1987-88

**Partial laws are not enforced and therefore are not effective.** More than half of all motorcyclists in these states do not wear helmets. Police are reluctant to enforce partial-use laws, and without enforcement, there is little compliance. A NHTSA 1989 helmet survey in selected cities found a 97.3% use rate in "law" cities and a 42.3% use rate in "no-or-limited-law" cities (1989, NHTSA) (see graph below). Three of the cities in the observational study changed from limited to full helmet use law during or since 1989; their use rate in 1989 is between those observed in the "law" and "no law" states: Dallas (58.0%), Houston (62.8%) and Seattle (59.5%).



Percent Observed Motorcycle Helmet Use At Selected Sites In 19 Cities (1989)

## IF YOU MAKE RIDERS SAFER, WON'T THEY JUST TAKE MORE RISKS?

**Probably not; at least there is little evidence that they will.** An often-used argument by those who resist supporting automatic protection is termed "risk compensation." It states that people will become careless or take more risks if they believe that they are automatically protected from injury. For example, nineteenth century railroad owners fought against automatic signal systems because they "would breed dependence and carelessness in employees" (Robertson, 1983, p. 145).

This "risk compensation" argument has been made about motorcycle helmets. A proponent of this view states that "the added sense of security provided by the helmet, and by the safety propaganda promoting the use of helmets, might lead riders to take more risks" (Adams, 1983). He challenges NHTSA's methodology and conclusions about the negative effects of repeal of helmet laws and then suggests "risk compensation" as an explanation why helmeted riders might crash more. *This argument fails to consider that the majority of crashes involving a motorcycle and another vehicle were the fault of the other driver, not of the motorcyclist* (Hurt, 1981). Other arguments against applying risk compensation theory to helmet use laws are provided by NHTSA (April, 1980, NHTSA, page IV-21). Adams does not challenge the fact that helmets do protect motorcyclists in crashes.

"Risk compensation" is an element of economic theory and should be considered when designing ways to prevent injuries. However, even if one accepts that helmeted riders take more risks (and there is little evidence to support this), the protection provided in a crash far outweighs the marginal increase in an already very risky mode of transportation.

## IS ALCOHOL A RISK FACTOR IN FATAL MOTORCYCLE CRASHES?

Yes. Of the 900 motorcycle crashes investigated by Hurt, et al (1981), 11% involved a rider who had been drinking. Of the 54 fatal crashes in that series, over 40% involved a drinking rider. A study of the 1,191 California motorcycle drivers who died in crashes in 1987 and 1988 found that 48% had a positive test for blood alcohol concentration, and 34% were legally intoxicated (BAC >0.10) (Romano, McLoughlin, 1991).

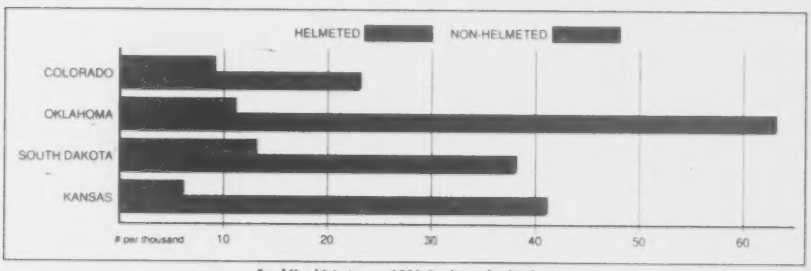
## DO DRINKING RIDERS WEAR HELMETS?

**Only half as often as sober riders wear helmets.** The Hurt study shows that riders who have been drinking are far less likely to wear helmets than those who have not been drinking. The Romano-McLoughlin study found that fatally injured motorcyclists with positive BAC tests were approximately half as likely to wear a helmet as those with negative tests. Evidence from states with full use laws suggests that a helmet requirement increases helmet use among all riders, drinking and non-drinking alike.

## WHAT KILLS MOTORCYCLISTS?

**Head injuries kill motorcyclists.** A head injury was specified in 42% of the death certificates for the 1,353 California motorcycle drivers and passengers who died in crashes in 1987 and 1988 (Romano, McLoughlin, 1991). The second most commonly recorded injury was to the chest (14%). Many more of these motorcyclists could have sustained a head injury, but 39% of the death certificates recorded the code for "multiple trauma" without indicating any specific injury. It is likely that a large proportion of these multiply-injured motorcyclists also sustained a head injury. Only 27% of these motorcyclists were wearing a helmet at the time of their crash.

NHTSA found that non-helmeted riders are at much higher risk of fatal head injury than are helmeted riders. In their study of the effect of helmet law repeal in four states, they found that non-helmeted riders were two and a half to five times more likely than helmeted riders to sustain a fatal head injury should a crash occur (April 1980, NHTSA — see graph below).




**Fatal Head Injuries per 1000 Crash-Involved Riders (Helmeted vs. Non-helmeted)**

## HOW MUCH PROTECTION DOES A STANDARD HELMET OFFER?

Most state helmet use laws require the wearing of helmets which meet existing standards. There are three motorcycle helmet standards recognized in the United States: the U.S. Department of Transportation (DOT) standard FMVSS 218; the American National Standards Institute (ANSI) standard Z90.1; and Snell Memorial Foundation standard M-85 (SNELL). The Snell standard, first proposed in 1959 for racing crash helmets and revised five times since then, is the most demanding of the three. Information about this standard can be obtained from the Snell Memorial Foundation, P.O. Box 493 Flowerfield, Bldg #1 Ste 6C, Mills Pond Road, St James, NY 11780.

Below in extremely simplified form are the basic requirements of the Department of Transportation Motorcycle Helmet Standard, from the Code of Federal Regulations: Transportation (49): Section #571.218.

**The helmet must "cushion" the blow to the rider's head when the helmet strikes a barrier.**

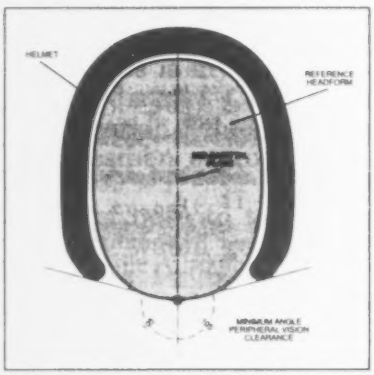
The tests use an instrumented headform as a proxy. In a series of tests, the helmet is dropped in a guided free fall upon fixed hemispherical and flat steel anvils from the heights of 54.5 inches and 72 inches. Measurements on the headform must meet the following requirements:

a) Peak accelerations shall not exceed 400g;
b) Accelerations in excess of 200g shall not exceed a cumulative duration of 2.0 milliseconds; and
c) Accelerations in excess of 150g shall not exceed a cumulative duration of 4.0 milliseconds.

The "foreign object" in the test is a 6 pound, 10 ounce pointed "striker" (point has included angle of 60, a cone height of 1.5 inches, a tip radius of 0.5 millimeter radius). The "striker" is twice dropped in a guided free fall of 118.1 inches, and "the striker shall not contact the surface of the test headform."

**The helmet's straps must stay fastened when stressed.**

The test applies static tensile load to the straps, or "retention assembly." First, a 50-pound load is applied for 30 seconds, then an additional 250-pound load is applied for 120 seconds. The straps must not separate, and the adjustable portion cannot move more than one inch when the additional load is applied.




**The helmet must not obstruct vision.**

Each helmet must provide "peripheral vision clearance of at least 105 degrees to each side of the midsagittal plane," or in other words, provide 210 degree angle of vision for the wearer (see left).

**The helmet must be labeled.**

Each helmet must be permanently and legibly labeled with several items of information, including the symbol "DOT," the manufacturer's certification that the helmet conforms to the standard.

## WHAT IS THE PERIPHERAL VISION OF THE HUMAN EYE AND HOW DOES THAT RELATE TO WHAT A STANDARD HELMET PROVIDES?

**The peripheral vision of normal human eyes ranges between 200-220 degrees.** According to a visual fields textbook, the normal visual field of a single eye is a slightly irregular oval, measuring from fixation approximately 60° upward and 60° inward, 70 to 75° downward and 100 to 110° outward (Harrington, 1976). Combining the range of both eyes, the normal eye sees across approximately 200 to 220° in width.

The DOT standard requires that the helmet provide a visual field of 210° in width. When one considers that over 90% of all motorcycles in crashes hit something that is within 80° of straight ahead or within a range of 160° (Hurt, 1981, see graphic on facing page), it is clear that standard helmets do not obstruct critical or even potential vision. Without doubt, motorcyclists must turn their heads to scan the whole road in traffic, which is no different from what all motorists do.

## WHAT ARE THE FACTS, NOT MYTHS, ABOUT MOTORCYCLE HELMETS?

**FACT ONE: Helmets do not obstruct critical vision.**

The figure at right shows where the crash hazards were located from the rider's point of view during the pre-crash phase in the 900 motorcycle crashes investigated by the USC Traffic Safety Center. For example, a car straight ahead would be at the 12 o'clock location. Seventy-nine percent of the hazards were at the 11, 12 and 1 o'clock positions. Over 90 percent fell within the 10 to 2 o'clock locations. The DOT standard requires no restriction of peripheral vision as far back as the 4 and 8 o'clock positions. The visual problem is not restriction of peripheral vision. Instead, it is a matter of watching what is directly in front of the motorcycle and protecting one's eyes to assure full visual acuity (Ouellet, 1987).

**FACT TWO: Helmets do not interfere with critical hearing.**

Any sound loud enough to be heard over the noise of the motorcycle and the wind will be loud enough to be heard inside the helmet. Motorcycles create noise in the range of 85-95 decibels. Helmets reduce the loudness of both the sound of interest (e.g., a car's horn) and the motorcycle noise by an equal amount, but do not alter the ability to hear one over the other. No case of the 900 on-scene, in-depth investigations in the USC study revealed a failure to detect critical traffic sounds, for helmeted or unhelmeted riders (Hurt, 1981).

**FACT THREE: Helmets do not build up dangerous temperatures inside the helmet.**

Motorcyclists are less likely to wear helmets voluntarily in very hot weather. However, the USC researcher testified that temperature readings inside helmets show that temperatures stabilize slightly above body temperature. The insulation of the helmet makes its interior more subject to body heat than to outside temperatures (Ouellet, 1987).

**FACT FOUR: Helmets do not cause fatigue which causes crashes.**

The USC study of 900 motorcycle crashes found that 50% of the crashes occurred within six minutes from the start of the trip and over 90% occurred in less than one hour of the start of the trip (Hurt, 1981).

## WHY REQUIRE HELMET USE AND NOT MOTORCYCLIST TRAINING?

**Proven strategies deserve priority, and helmets work.** Research indicates that helmet laws do reduce the likelihood of fatal and severe head injuries to motorcyclists. To date there exists little evidence of the effectiveness of motorcycle training programs to reduce the likelihood of crashes.

In early 1979, NHTSA decided to fund a large scale evaluation of the crash reduction effectiveness of revised motorcycle operator training and licensing programs and materials. After competitive bidding, the contract for the evaluation was given to the New York Department of Motor Vehicles. Investigators randomly assigned over 26,000 persons to one of four groups: 1) standard NYS program, 2) revised program including new knowledge and skill test, 3) revised program with a three hour training program, and 4) revised program with a 20 hour training program. They then examined crash records for these persons for five exposure periods (3,6,12,18, and 24 months) after application for a motorcycle operator's permit.

The basic conclusions of the study completed in 1987 are stated as follows (Buchanan, 1987):

*"These analyses found no significant differences between the motorcycle accident rates of subjects assigned to the present New York State licensing system (control group) and those assigned to the new,*

*experimental licensing system, either for all subjects from the point of motorcycle permit application date or for licensed subjects from the point of view of licensure date. In other words, the study was not able to document a crash reduction benefit for either the rider education programs or the improved licensing systems."*

These are disappointing results for riders and trainers whose personal experience convinces them of the benefits of training, but these findings must enter the public policy debate. In recent legislative debate, opponents of the helmet bill argue that training rather than mandatory helmet use is the answer to the problem of motorcyclist deaths and injuries. The data do not support this choice.

## ARE HELMETS PROTECTIVE IN MOTORCYCLE CRASHES WHERE THE RIDER HITS NOTHING BUT PAVEMENT?

**Yes, dramatically so.** The pavement is the most common surface struck by motorcyclists. A helmet is extremely effective in cushioning the head as it hits the pavement. In many of the crashes studied by USC, the pavement was the only surface the rider hit. USC investigators found that none of the helmeted riders had any brain injury above the "minor" level. In contrast, riders without head protection suffered a total of 65 brain injuries per 1000 crashes, at all levels of brain injury severity, as a result of pavement-only strikes (Ouellet, 1987).

## HOW MANY LIVES AND DOLLARS COULD BE SAVED BY A HELMET LAW?

**A lot, with the amount of savings depending on each state's crash and injury statistics.** The National Highway Traffic Safety Administration has developed a way to estimate economic savings from increased motorcycle helmet use in individual states. Determine the number of deaths and injuries among motorcyclists and the percentage of riders who wear helmets in a state. Then "plug in the numbers" to determine what decreases in deaths and injuries could be expected and what economic savings could be anticipated after passage of a full-use helmet law (1988, NHTSA).

The NHTSA formula incorporates the following assumptions into its model. While a full-use helmet law will increase helmet use by 99.5% of motorcyclists over-all, motorcyclists most likely to be in fatal crashes will have a use rate of only 90%. Helmets are 27% effective against fatalities, 13% effective against moderate to critical injuries and 8% effective against minor injuries. Each death results in $420,500 of "lost productivity," while the average cost of moderate to severe injuries is $19,300 and $2,200 for minor injuries. The NHTSA formula to determine the decrease in fatalities and injuries is:

$$IR = \frac{U_{n+1} - U_n}{(1/E) - U_n}$$

where IR = fatality or injury reduction rate
E = helmet effectiveness
$U_n$ = current helmet use rate
$U_{n+1}$ = assumed use rate after helmet law

Calculations for California will illustrate the use of this model. In 1989, the California Highway Patrol reports that 620 motorcyclists died, and only 20% were wearing a helmet when they crashed. The adjusted estimated helmet use in potentially fatal crashes in California is 25.5%. (This adjustment takes into account the number of helmeted riders who died in 1989.) Approximately 7,200 motorcyclists sustained moderate to severe non-fatal injuries and an additional 12,300 sustained less severe injuries. Only 23% of these riders wore a helmet at the time of the crash.

**Fatalities:** $IR = \frac{.90 - .255}{(1/.27) - .255} = \frac{.645}{3.4487} = .187$ x 620 deaths = 116 lives saved
(116 x $420,500) = $48.8 million saved

**Serious Injuries:** $IR = \frac{.995 - .23}{(1/.13) - .23} = \frac{.765}{7.4623} = .103$ x 7,200 injuries = 740 injuries prevented
(740 x $19,300) = $14.3 million saved

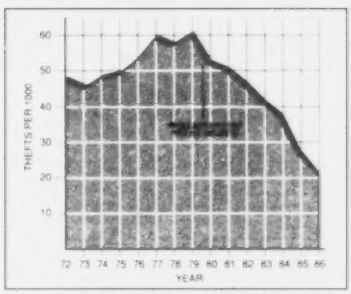
**Minor Injuries:** $IR = \frac{.995 - .23}{(1/.08) - .23} = \frac{.765}{12.27} = .062$ x 12,300 injuries = 763 injuries prevented
(763 x $2,200) = $1.7 million saved

**Total Cost Savings for California = $64.8 million**

## DO HELMET LAWS STOP MOTORCYCLE THEFTS?

**Apparently, they do.** The Insurance Institute for Highway Safety reports that motorcycle thefts dropped dramatically in three countries with the introduction of laws that fined motorcyclists for failure to wear helmets (IIHS, 1989). In London, England, where a helmet law was enacted in 1973, motorcycle thefts fell 24%. Two years later in the Netherlands, a similar law reduced thefts by 36%. In West Germany where on-the-spot fines were introduced in 1980, motorcycle thefts plummeted 60%.

Researchers in England and the Netherlands first noticed the effect of helmet legislation on motorcycle thefts almost in passing. Analysts concluded that "these declines were presumably the result of opportunistic thefts being made more difficult by the need for the thief to have a crash helmet in his possession; otherwise, he would quickly be noticed and suspected of stealing the motorbike." (IIHS, 1989)




Motorcycle Thefts per 1000 Registrations, Fed. Rep. of Germany, 1972-86

## DO NON-HELMETED RIDERS JUST DIE IN CRASHES AND THEREFORE NOT HAVE TO LIVE WITH SERIOUS DISABILITIES?

**Not really.** Some people argue that helmets are counterproductive, permitting severely injured motorcyclists to survive crashes but leaving them with serious disabilities. Two studies from the Pacific Northwest suggest the opposite.

Doctors at Emanuel Hospital in Portland, Oregon found that non-helmeted riders were more likely to die, but also were more likely to live with serious brain damage (Bachulis et al, 1988). They reviewed records of 367 injured motorcyclists admitted during a four and one half year period. Of these, 132 (36%) wore a helmet and 235 (64%) did not wear a helmet at the time of the crash. Over one-third of the patients sustained some brain injury, but this was not evenly distributed among all riders; 45% of the non-helmeted and 24% of the helmeted riders sustained brain injury. Nine percent of the patients sustained severe brain injury, but this was less evenly distributed (13% of the non-helmeted and only 2% of the helmeted riders). Among the non-helmeted severely brain-injured riders, 14 died and 17 survived with severe brain damage. By comparison, among the helmeted severely brain-injured riders, 2 died and 1 survived with severe brain damage.

Doctors at the Harborview Injury Prevention Research Center in Seattle studied all injured motorcyclists admitted to any hospital in Washington State whose crash reports were found in 1989 police records (Rivara, written communication, 1991). They identified 400 motorcyclists, of whom 154 (39%) wore a helmet and 176 (44%) did not wear a helmet at the time of the crash. (Helmet use was not known for 17% of the patients.) The distribution of head injuries was similar to the Oregon study (50% of the non-helmeted and 29% of the helmeted riders.) A higher proportion of individuals who were non-helmeted were transferred to a skilled nursing or intermediate care facility (4%) compared to helmeted individuals (0.65%).

## IF MOTORCYCLISTS ARE JUST HURTING THEMSELVES, WHY NOT LEAVE THEM ALONE?

**They are not just hurting themselves, they are hurting taxpayers as well.** The issue of individual liberty versus the public good was clearly examined in an exchange of articles in the *American Journal of Public Health* (Baker, 1980; Perkins, 1981; Baker and Teret, 1981). The issue was also fought out in the courts. In a case in Massachusetts which challenged the constitutionality of the motorcycle helmet use law, a lower

court wrote an opinion which the United States Supreme Court upheld in 1972. The opinion reads in part:

*"While we agree with plaintiff that the act's only realistic purpose is the prevention of head injuries incurred in motorcycle mishaps, we cannot agree that the consequences of such injuries are limited to the individual who sustains the injury . . . The public has an interest in minimizing the resources directly involved. From the moment of the injury, society picks the person up off the highway; delivers him to a municipal hospital and municipal doctors; provides him with unemployment compensation if, after recovery, he cannot replace his lost job, and, if the injury causes permanent disability, may assume the responsibility for his and his family's subsistence. We do not understand a state of mind that permits plaintiff to think that only he himself is concerned."*

Simon vs. Sargent, 396 F. Supp. 277, 279 (D. Mass. 1972) Affirmed, 409 US 1020 (1972).

## WHO PAYS THE MEDICAL COSTS FOR INJURED MOTORCYCLISTS?

**The taxpayer picks up a big part of the bill.** Most motorcyclists who are injured do not have sufficient health insurance to cover their hospital costs. Studies conducted in Washington, California, Massachusetts, Maryland and Rhode Island indicate the extent of the burden on taxpayers.

**63% of costs of trauma care for injured motorcyclists in 1985 was paid for by public funds in Seattle, Washington.** In Seattle's Harborview Medical Center, 63.4% of the cost for care of injured motorcyclists was paid by public funds, with Medicaid accounting for more than half of all charges. Total direct costs for 105 motorcyclists injured in 1985 and followed for approximately 20 months after discharge, were more than $2.7 million, with an average of $25,764 per patient. Only 60% of the direct costs were accounted for by the initial hospital care; 23% of costs were for rehabilitation care or readmission for treatment of acute problems (Rivara et al, 1988).

**82% of the costs to treat orthopedic injuries sustained by motorcyclists in 1980-83 was paid for by public funds in Sacramento, California.** At the University of California, Davis, Medical Center, 82% of the hospital charges for 51 motorcyclists admitted to the orthopedic service were paid by public funds. The average hospital charges for these patients was $17,704. 75% of these patients carried no health insurance of any kind (Bray et al, 1985).

**Over 6.4 million dollars in public funds were expended to cover the acute hospitalization of non-helmeted motorcyclists in San Diego, California.** The San Diego County Trauma Registry reports that over $16 million dollars were spent in fiscal years 1988/89 and 1989/90 to care for injured motoryclists who were not wearing a helmet at the time of their crash. $1.1 million (7%) was paid by military health care reimbursement; $5.3 million (33%) was paid by Medicare/Medi-Cal/CMS; $5.3 million (33%) was paid by third party/HMO and $1.4 million (9%) was paid by other sources or is still pending. In addition, 21% was not reimbursed, and public and private hospitals had to absorb these costs. If all public funding were combined (military: $1.1 million, Medicare $5.3 million), the taxpayer would pick up $6.4 million or 39% of the total cost of medical care for non-helmeted motorcyclists (San Diego County Trauma Registry, 1991).

**46% of the motorcyclists treated at the Massachusetts General Hospital in 1982-83 were uninsured in Boston, Massachusetts.** 47 injured motorcyclists were treated at the MGH. The mean hospital charges were $15,114. The total hospital charges were nearly $700,000, not counting surgeons' fees, readmissions, or rehabilitation; 16% of the charges were uncollectable, and 46% were uninsured (Bach, Wyman, 1986).

**40% of injured motorcyclists without helmets were uninsured, compared with only 25% of those with helmets in Baltimore, Maryland.** Acute care costs for non-helmeted riders average three times that of helmeted motorcyclists (Shankar et al, 1990). Taxpayers pay $1.2 million and insurers $2.1 million each year in acute care costs. Over 10% of injured motorcyclists have spent down their insurance coverage by the time they leave the acute care facility. In 1988, the state spent $7.1 million on inpatient rehabilitation for Medicaid-eligible motorcyclists and uncompensated care. The Developmental Disabilities Administration currently is paying an average of $62,500 annually for each of 18 former motorcyclists who require lifelong day and residential services. "Lifelong" may be 20 to 30 years (Office of Health Care Policy, Finance and Regulation, Maryland Department of Health and Mental Hygiene).

**Long-term care for injured motorcyclists is provided in public hospitals in Rhode Island.** Currently in Rhode Island public long term care facilities there are five head-injured patients who were not wearing helmets when their motorcycles crashed. The median age at admission is 23, and the average length of stay for these patients is seven years. One non-helmeted head-injured motorcyclist currently cared for at the General Hospital was injured in 1960 (RI Department of Health, 1990).

## DO OTHER COUNTRIES HAVE MOTORCYCLE HELMET USE LAWS? DO THEY WORK?

**Yes, and yes.** Italy implemented a helmet use law in 1986. A study of motorcyclists admitted to a hospital in Cagliari, Italy found that there were 53% fewer motorcyclists with head injuries admitted in the five months after the law, compared to the corresponding five months before the law. These patients spent fewer days on average in the hospital (before: 6.4 days; after: 2.5 days). Nine patients died of head injuries before the law, compared with only one after the law (Nurchi et al, 1987). In Malaysia, the risk of death to motorcyclists decreased by 30% after a law was passed (Supramaniam et al, 1984). In Britain, helmet use was widespread by the time the law was passed in 1973. However, an earlier study indicated that helmet use decreased the risk of fatal injury by 25% in "built-up areas" and by half in "non-built-up areas" (*BMJ*, 1979). In Victoria, Australia, from 1975 to 1980, bicyclists were not required to wear crash helmets, but motorcyclists were (McDermott, Klug, 1982). Although motorcyclist casualities overall outnumbered bicyclist casualities two to three times, twice as many bicyclists as motorcyclists had head injuries as their only injury.

## IS IT TRUE THAT "NO LAW" STATES HAVE LOWER FATALITY RATES THAN "LAW" STATES?

**This is not true for motorcyclists dying with head injuries, and no one claims that helmets protect against life-threatening chest, abdominal or orthopedic injuries.** A recent study by investigators at the Centers for Disease Control with data from 1979-1986 concluded that "population-based [head injury death] rates adjusted for age, sex, and race in states with partial or no helmet-use laws were almost twice those in states with comprehensive helmet-use laws" (Sosin et al, 1990). Head injury death rates based on motorcycle registrations were also lowest in states with full helmet use laws.

However, comparing rates among states has built-in problems. Cold winters make for short riding seasons, which is true of the four "no law" states (Connecticut, Illinois, Iowa and Colorado). States also differ in quality of road, speed limits, and availability of emergency medical systems and trauma care. That is why the most important comparison is the "before-after" one within individual states. Louisiana strengthened its law from partial to full use in 1981 and had a decline in its death rate of 44%. South Carolina and Wyoming weakened their laws from full to partial use and had increases in motorcycle-related head injury death rates of 184% and 73% respectively. Indiana changed from no law to partial law, and in the years that followed, it showed a 15% increase in deaths, consistent with the trend for all other partial law states.

## HOW EFFECTIVE IS THE NEW TEXAS HELMET LAW?

The Texas Transportation Institute released in early March 1991 its preliminary findings of the evaluation of the Texas helmet law which went into effect September 1, 1989:

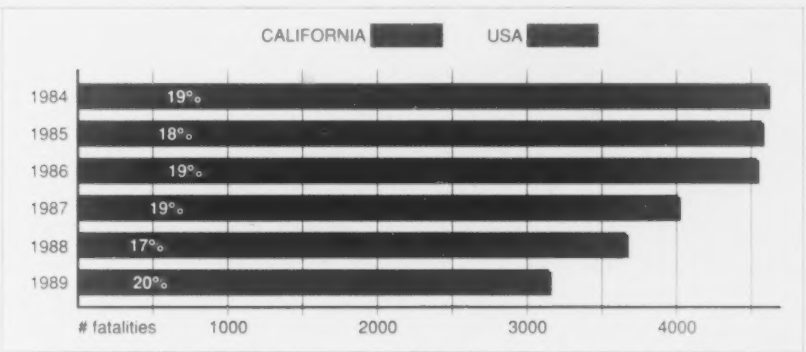
- Helmet use by motorcycle operators in August 1989 averaged 44 percent across 18 Texas cities. By September, the proportion of helmeted operators increased to over 91 percent. Ten months later, in June 1990, 96 percent of all motorcycle operators were helmeted.
- The proportion of riders who suffered a head injury was more than twice as high in the pre-law period (29 percent) as in the post-law period (14 percent). Similarly, head injuries represented a correspondingly higher proportion of total injuries in the pre-law (15 percent) as in the post-law period (9 percent).
- Increased compliance with license requirements may be an indirect benefit of mandatory helmet legislation. After the Texas law went into effect, 61% of those motorcyclists injured in crashes had valid licenses. In contrast, a study of California's motorcycle fatalities in the years 1985-86 found that only 33% of those California motorcyclists involved in crashes had a valid motorcycle driver's license (Kraus et al, 1991).

## IF THE MOTORCYCLE DEATH RATE KEEPS GOING DOWN WITHOUT A NATIONAL HELMET LAW, WHY DO WE NEED ONE?

**Too many motorcyclists still die or are severely injured, and helmets can prevent many of these injuries.** It is true that, nationally, the number of motorcyclists who die from crashes has gone down every year for the past six years, from 4,608 deaths in 1984 to 3,143 deaths in 1989. But then, there are fewer motorcycles registered, down from 5.4 million in 1984 to 4.2 million in 1989. There are not as many young males in the 15-24 year old age group as there were in the late 70's and early 80's.

One way to find out if motorcycle riding is as risky now as in earlier years is to review the annual rates of deaths per 10,000 motorcycle registrations. These rates have not shown as consistent a trend. They increased from 8.2 deaths per 10,000 registrations in 1984 to 9.0 deaths in 1986, then have decreased annually to 7.4 deaths per 10,000 registrations in 1989.

But how many deaths on our highways are few enough? Deaths per vehicle miles traveled by passenger cars have consistently decreased over the past decade, but seat belt laws and the requirement for airbags and other passive restraints in new cars are imposed to make sure that the trend continues. If occupants of passenger cars are required to wear seat belts, motorcyclists should be required to wear the comparable protective device, a helmet.




**Motorcyclist fatalities (1984-89) for the United States and California (California deaths as percentage of total USA deaths)**

Source: Annual Reports, Fatal Accident Reporting System, US Department of Transportation, National Highway Traffic Safety Administration (NHTSA).

## WHAT IS CALIFORNIA'S CONTRIBUTION TO THE MOTORCYCLIST DEATH PROBLEM AND WHAT ARE CALIFORNIANS DOING ABOUT IT?

**It's big, and they are working to reduce it.** The helmet law battle rages fiercest in California, the home of the Easy Rider. This one state accounts for approximately one-fifth of all motorcycle fatalities in the USA while accounting for only 12% of the US population. In 1989, only 20% of those killed in motorcycle crashes wore helmets.

Currently California requires only that motorcycle riders under 15.5 years of age wear a helmet. Since one has to be older than 15.5 years of age to get an instruction permit to drive a motorcycle, there is really no helmet law for motorcyclists in California.

In 1985, Mary Price's 18 year old son was killed while riding a motorcycle without a helmet. She decided to fight for a helmet law. She went to the Capitol, banged on legislators' doors in Sacramento and found

Assemblyman Richard Floyd willing to work with her. In both 1988 and 1989, the California legislature passed Floyd's mandatory helmet bill, only to have it vetoed by Governor Deukmejian. In both his veto messages, the Governor affirmed his support for a law mandating helmet use for those younger than 21 years. He held this position despite his own California Highway Patrol (CHP) data that fewer than one quarter of all fatally injured motorcyclists were younger than 21 years. (In the most recent CHP data, for 1989, only 22% of the 620 fatally injured motorcyclists were under 21 years of age.)

*California Assemblyman Richard Floyd (D-Gardena), author of AB7, surrounded by motorcycle police officers at a press conference at the San Francisco General Hospital.*

Assemblyman Richard Floyd has reintroduced the helmet bill (AB 7) into the current legislative session. California has a new governor, Pete Wilson, who as a United States Senator actively supported mandatory helmet legislation. Mary Price, the California Medical Association and a coalition of law enforcement officers, health professionals, city and county supervisors, insurers and other concerned organizations and people are working in and out of Sacramento to achieve passage of the helmet bill, to deliver it to the desk of a governor who is committed to sign it into law.

## WHAT LIABILITY DOES CALIFORNIA AND ITS MUNICIPALITIES BEAR FOR INJURIES SUSTAINED IN MOTORCYCLE CRASHES?

The librarian at the Trauma Foundation examined *Jury Verdicts Weekly*, a weekly Santa Rosa, CA publication which reports on civil jury trials in California for trial lawyers and insurance adjusters. In the period from 1975 to 1989 there were 293 motorcycle crashes where the plaintiff obtained a jury award.

**There were 27 awards against California government entities. $9 million dollars were awarded against the state and municipalities in this period, for an average award of $337,600.**

The total amount awarded in that period, regardless of defendant, was $67.5 million, for an average award of $230,500. The total amount awarded for the 26 severe head injuries (defined as any head injury resulting in loss of consciousness) was over $24 million, for an average award of $928,000. Separating these injuries means that the average award for the remaining 267 injuries drops to $167,600. Helmet use or nonuse was rarely noted in these records, probably because legal reasons prohibited its introduction.

These numbers represent a "lower limit" to the amount of liability associated with motorcycle crashes. *Jury Verdicts Weekly* is not an official record of trials. It is a service publication generated by the input of plaintiffs' and defense attorneys. It does not usually report the vast number of settlements arrived at in civil action by mutual agreement of the parties without a trial. It does not include settlement of insurance claims without trial or workers' compensation awards. This report does not include the sister publication *Judicial Arbitrations Weekly* which covers binding judicial arbitration as it did not exist at the beginning of the study period.

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*"The enactment and enforcement of laws requiring the use of protective safety helmets by all motorcycle operators and passengers when operating on any public roadway (emphasis in the original) is considered the single most effective action that a State can take to reduce motorcyclists' deaths and serious injuries.*

March 1980, NHTSA.

## WHAT IS HAPPENING ON THE NATIONAL LEVEL ABOUT HELMET LAWS?

The National Highway Fatality and Injury Reduction Act will be reintroduced by Senator John Chafee (R, RI) and Representative Jim Cooper (D, TN). This legislation encourages states to adopt safety belts and all-rider motorcycle helmet use laws. The legislative provisions have not been finalized, but are expected to include both incentives to states in the form of grants and disincentives to states, such as redirecting Federal highway dollars.

Supporters of this legislation will also be looking for opportunities to include this initiative in the Surface Transportation Assistance bill which Congress is scheduled to complete by this fall. Senator Chafee and Representative Cooper are seeking cosponsors for their legislation, especially among members of the Senate Environment and Public Works Committee and the House Committee on Public Works and Transportation.

Those interested in working for passage of this legislation are encouraged to contact Carol Stroebel at Advocates for Highway and Auto Safety (202/408-1711). Legislative aides working on the bill include: Jean Lauver, Senate Environment and Public Works Committee (202/224-7863) and Anand Raman, Office of Representative Jim Cooper (202/225-6831).

*Leadership for helmet laws: Senator John Chafee (R-RI) and Mary Price (founder of Californians for Safe Motorcycling). Sen. Chafee is co-author with Congressman Jim Cooper (D-TN) of the federal "National Highway Fatality and Injury Reduction Act" which will encourage states to pass full-use helmet laws*

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## SLIDE ORDER FORM

*An Advocates' Guide to Motorcycle Helmet Laws* is a scripted slide show including 30 slides developed by the Trauma Foundation and Contra Costa County Prevention Department, and funded in part by the Centers for Disease Control and California Office of Traffic Safety.

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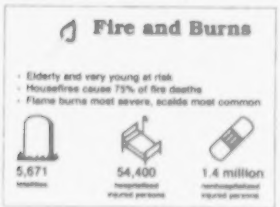
Please allow four weeks for delivery.

**ERRATA:** Sorry, we made a typo in the last newsletter "An Advocates's Guide to the Cost of Injury in the United States." The correct number of fire deaths in 1985 is 5,671. Table 2 on page 5 provides the correct data, but our test on page 6 (Slide 11) was in error. Please correct your copy of the newsletter before passing it along. Thank you.


Fire and Burns
• Elderly and very young at risk
• Housefires cause 75% of fire deaths
• Flame burns most severe, scalds most common
5,671
54,400
1.4 million

**The Fifth Annual California Injury Control Conference**

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(703) 549-2100 FAX (703) 684-4525

Statement of

JAMES GOETZ

on behalf of the

National Association of Truck Stop Operators

on

Commercialization of Interstate Rights-of-Way

Before the

Subcommittee on Surface Transportation

of the

Committee on Public Works and Transportation

House of Representatives

Washington, D.C.

April 18, 1991

Mr. Chairman, members of the committee, on behalf of the National Association of Truck Stop Operators (NATSO) I thank you for the opportunity to offer testimony as you consider the reauthorization of the federal aid highway programs.

I am a truck stop operator in South Central Wisconsin. I built my facility in 1986. I am also a former Lieutenant Governor for the State of Minnesota. I make that point because I want the committee to understand that my comments are not only those of one involved in the business of surface transportation, but also those of one who has been elected to leadership in state government.

The National Association of Truck Stop Operators is the only trade association representing the truck stop and travel plaza industry. Our membership accounts for the vast majority of full service truck stops and travel plazas located in the United States. NATSO members are credited with pumping approximately two-thirds of the diesel fuel sold at retail in the United States each year, and a significant amount of the gasoline sold to Interstate motorists.

Although a few NATSO member facilities are owned by larger corporations, most are owned and operated by small businessmen and women. NATSO member facilities exist almost exclusively at the Interstate interchanges, serving not only the commercial driver, but also the general motoring public.

I am here today to bring to your attention a provision within the Administration's proposed Surface Transportation Assistance Act which up until this time may have been considered minor or insignificant by some in Congress and the Administration. I am referring to that provision which for the first time would allow the establishment of commercial facilities on the rights-of-way of the non-toll portions of the Interstate system, Section 306 of H.R. 1351, amending Section 111 of Title 23, United States Code.

In the mid 1950's, at the height of the Congressional debate on the establishment of the federal Interstate system, a number of forward thinking Members of Congress, and ultimately the majority of Congress, recognized two important factors needed for an effective system. The first was controlled and limited access, and the second was healthy competition among those who would provide the

goods and services to the Interstate traveler. Controlled and limited access was achieved and free enterprise was fostered by writing into the law a prohibition on the establishment of commercial activities between the interchanges on the land referred to as the rights-of-way.

Congress recognized that allowing commercial facilities to be developed on the rights-of-way could inhibit the desired goal of controlled and limited access. It further recognized the greater likelihood of monopolies being created if the facilities providing goods and services to the motoring public were located on government owned or controlled land as opposed to privately owned land at the interchanges. That recognition was based in large part on the experience of what had already taken place on the major toll roads of the Northeast. Congress acted clearly and decisively to prevent the Interstate system from being burdened by monopoly operations and excessive ingress and egress problems. Public policy prohibiting commercialization on the rights-of-way was established, and this policy has served the public well for thirty-five years.

Today, however, there is an effort underway to reverse this policy. A coalition of state transportation officials and at least one major corporation were successful in convincing the Administration to include language in the President's proposed surface transportation bill which would allow commercial activities on the Interstate rights-of-way. NATSO opposes this proposal and believes the Congress should as well. As a former state official I can tell you that simply because a group of state transportation officials sees merit in a proposal does not mean that their state governments or the people do also.

Though probably well intended, this seemingly insignificant proposal will have devastating effects on small businesses and rural communities across the Nation. Those who wish to change current law cite three primary reasons for doing so: 1) relief to the states of the cost of operating and maintaining Interstate rest areas; 2) new revenue for state departments of transportation through leasing agreements for facilities to be developed on the public rights-of-way, and; 3) development of facilities in those areas where there currently are none.

Each of these arguments may sound worthwhile, which is probably why the proposal was included in the Administration's bill. None of them, however, holds up to careful scrutiny.

The first argument, that of "privatizing" the operation and maintenance of state owned Interstate rest areas, sounds wonderful. If there are private enterprises which would like to assume the costs of operating these facilities, they should have the opportunity to do so. In fact, the current federal law does not prohibit this. The problem is that no business is going to assume the costs for an operation which provides no revenue. Rest areas do not generate revenue. They were never intended to, and if the state departments of transportation decide that in their current form rest areas are obsolete, then the most effective way to eliminate the operating and maintenance costs may be to close them. NATSO does not at this time suggest that this should be done. Non-commercial rest ares continue to serve that portion of the public which desires to make their Interstate stops in a non-commercial setting.

The proposal to turn the operations of Interstate rest areas over

to private enterprise would only be possible, therefore, if the federal ban on commercial activities were to be lifted. Commercial activities would provide the means for generating the revenue to cover the costs and presumably provide a profit. It is that potential for profit which we believe has led the state highway departments to view this proposal as a source of new revenue -- their second argument. What they have failed to remember is that state and local governments currently derive a significant amount of revenue from those businesses located at the interchanges. It would appear that the state transportation departments believe that all at once, new commercial facilities could be developed on the rights-of-way, that those facilities would be profitable to the company operating them, that the states would take a cut off the top under the leasing agreement and then a share of the revenue through the various taxes charged, and in addition, the state and local governments would continue to receive the tax revenue currently generated by the small businesses at the interchanges.

Well it will not happen. It cannot happen. If the current ban on commercialization were to be lifted, not one more gallon of motor fuel would be sold. Not one more meal would be served. No

additional automotive repairs would be made. Goods and services would simply be offered at new locations. The proximity of these new locations to the motorists would most likely cause the facilities at the interchanges to lose business and eventually close. The States may realize revenue from a new source, but they will most definitely lose it from an old one. And certainly, the economic impact on the States as a result of the loss of jobs must also be considered.

That reality is the most disturbing aspect of the Administration's proposal. When the Interstate system was established there was no well developed industry to meet the demands of the Interstate traveler. One might even argue that the Congress gambled in prohibiting commercial activities on the rights-of-way. The decision, however, paid off. Your predecessors in Congress encouraged private enterprise to meet the demands of the Interstate traveler for goods and services. Small businessmen and women, such as me, have risen to the occasion by collectively investing billions of dollars in the numerous facilities you find at almost every Interstate interchange today. In fact the only places where you do not find well developed interchanges are on the toll roads

where state toll authority supported monopolies exist, and in those areas where traffic volume is not sufficient to support a business.

To propose now that state governments be allowed to sponsor large corporations in unfair competition with small business flies in the face of the American system of free enterprise. Michael J. Boskin, Chairman of the President's Council of Economic Advisors, stated in comments relating to the 1991 Economic Report of the President that the "government's role in the economy should be limited, and where government is involved, it should be done in a cost-effective and target-effective way, relying as much as possible on market and market-type mechanisms." NATSO believes that the type of government intervention being proposed in this case is neither cost-effective nor target-effective. I am truly surprised and disappointed that this Administration would offer such a proposal, and I do not want to believe that the Congress will go along with it.

The third and final argument that the proponents for a revised commercialization policy make is that of providing services where there currently are none. This a curious argument to those of us

in the truck stop and travel plaza industry. We pay very close attention to changes in traffic volume along the various portions of the Interstate system. We do so first to ensure the efficiency of our current facilities, and secondly to be prepared to open new facilities should demand in a given area increase so as to make such a move prudent. Mr. Chairman, I can promise you and this committee that if there is a sufficient demand for goods and services at any location along the Interstate system, private businesses will supply those goods and services without any change in current federal law just as they have for the past thirty-five years.

Just last week, during a presentation to a group of NATSO members, an official of the Federal Highway Administration indicated that he had been on plenty of stretches of Interstate where he wished there had been greater facilities for the traveler. He was asked where those locations were. It turns out he is a former official with a southwestern state Department of Public Safety and the locations he had in mind were in the middle of the desert, miles from any population center. My point is that the Congress could lift the commercialization ban, and not one facility would be built by big

business or small business in an area that cannot support it. All the incentives you could imagine are not going to entice a business to build a facility in the middle of the desert, or anywhere for that matter, where traffic volume is light and where an employment base and community services do not exist. The new right-of-way facilities would be located, therefore, in areas where motorist demand is currently being met by interchange facilities. The right-of-way facility would simply rely upon its superior location to "steal" the business away from the interchanges.

I have attempted to show this committee that a change in the current federal law will serve only the best interest of those large corporations which, for whatever reason, choose not to invest at the interchanges, but instead put their resources into lobbying efforts designed to change an effective policy. The States will not receive any financial advantage, and the Interstate traveler will not be better served. In fact, anyone who has ever visited one of the big business monopoly facilities on a toll road would probably argue that the travelers would be worse off. Lacking the healthy competition which currently exists at the interchanges, prices at the right-of-way facilities would be higher and service

would suffer. Small businesses also would suffer. Small businesses located at the Interstate interchanges could not compete with the state sponsored monopoly facilities located on the more convenient public rights-of-way.

As you consider the consequences of the proposal to change the policy on commercialization, I ask you to consider more than simply the impact on businessmen like me. Beyond the services they provide to the Interstate traveler, businesses at the interchanges like mine serve another important role. There are rural communities across the country which depend upon the commerce at the Interstate interchanges. Many of those communities exist because of that commerce, and many of them would suffer dramatically if the businesses did not survive. It is often the case that the truck stop at the interchange is the largest employer in town. Close the truck stop and the town folds. It will happen time and time again if Congress changes the law as is being requested.

There is one final point I would like to make, and it is in response to the statements I have heard Administration officials



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and various Congressional staff make. I have been told that the proposed change in the law is not one which would mandate that the States develop new right-of-way facilities. Rather, it simply would provide the States the option, or as the Administration is fond of saying, the flexibility to do so. I have thought about that, again as a former state official and also as one who has some Federalist tendencies. What I cannot forget, however, and I ask you not to forget, is that the Interstate system is a federal asset. It has been built and will be maintained primarily by federal funds. It is a system which was established for national defense purposes and it is a system vital to the interstate commerce of this country. The federal government -- the Congress and the Administration -- is the only government which should determine how the Interstate system will be utilized and maintained.

Section 111 of Title 23, U.S.C. is good public policy. It is as appropriate and effective today as it was thirty-five years ago. When it ceases to serve the public interest is when it should be repealed or altered. Until that time, it should be left alone.

Statement of Robert E. Harmon,

Chairman, Railway Progress Institute

before the

Surface Transportation Subcommittee

of the

Committee on Public Works and Transportation,

U.S. House of Representatives

April 18, 1991

I am Robert E. Harmon, Chairman of the Board and Chief Executive Officer of Harmon Industries, Inc., of Blue Springs, Missouri.

I appear before you as Chairman of the Railway Progress Institute, the international trade association of the railroad and rail rapid transit industries. Our association's members are well over 100 companies that provide everything that goes into making and operating railroads and rail rapid transit systems.

We greatly appreciate this opportunity to present our views on legislation to reauthorize the highway program.

Our industry has supplied much of the new product development that has helped the railroads compete. (In current railroading, I speak particularly of computer-designed, lightweight flat cars for transporting intercontinental freight containers; more fuel-efficient locomotives; and our current work toward developing components of an Advanced Train Control System that can permit far more intensive and efficient use of existing rights-of-way.)

We also provide the grade crossing warning devices and surface materials that have made your rail/highway grade crossing safety program the most successful highway safety program in the nation.

All told, ours is a 5.7-billion-dollar ($5,710,000,000)

industry employing some 150,000 individuals.

Mr. Chairman, for your Committee's consideration, I have brought two white papers. Both deal with aspects of the legislation before you. They are attached to my full statement, and I ask that the Committee accept these for the record so I may summarize. (WHEN THE COMMITTEE AGREES) Thank you.

(I will note parenthetically that our Committee on Passenger Transportation has submitted for your record a statement opposing the Administration's wish for authority to waive Buy America requirements.)

Mr. Dempsey has enumerated the projected impact of LCVs nationwide upon the railroads' earnings; the public's subsidies for trucks; the dangers inherent in longer, heavier trucks; and the higher maintenance costs that would result from their use. We wholeheartedly support his comments.

Let me address the matter of LCVs from our industry's point of view.

Cast your minds back if you will to the 1970s, before Congress gave us the Staggers Rail Act of 1980. While it's hard to believe now, just a little more than a decade ago many railroads were in bankruptcy and their trackwork was so deteriorated that some freight cars derailed while standing still. That's what happens when profits disappear and the railroads cannot afford to maintain their rights-of-way.

Clearly, for the RPI member companies that supply the

ballast, ties, and rails, the nationwide advent of longer combination vehicles, the LCVs, would be a most devastating problem.

Suppliers' R&D would disappear. So, I fear, would the Transportation Test Center at Pueblo, Colorado, created by the Federal Railroad Administration—with significant help from railway suppliers, by the way—and now being managed by the Association of American Railroads.

The market for our car makers' container cars, one of the brightest spots in our industry over many, many dry years, would disappear.

In fact, we believe that intermodal traffic would end, and this would spill most of six million containers, now moving by rail, out onto the highways.

While I could continue this litany, time is short. Let me point out a severe adverse impact that is not as obvious as the ones I have cited.

Deteriorating rights-of-way would degrade the speed and punctuality of Amtrak, the nation's only cross-country railroad passenger service, as well as the commuter railroads that serve 11 metropolitan areas[1] of the United States. Those rail passenger systems run over the freight railroads' rights-of-way. Consequently, the financial health of the freight railroads is

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[1]. Baltimore, Boston, Chicago, Connecticut communities, New Jersey communities, New York, Orange County, Philadelphia, San Francisco, Southern Florida communities, and Washington, DC.

important to the passengers and to our member companies who sell equipment and supplies to those systems.

Speaking of rail passenger transportation, Mr. Chairman, we have long advocated a balanced transportation system. We urge the Congress to provide a five-year, reliable funding program that will allow the infrastructure to accommodate increasing demands for urban public passenger transportation.

Earlier I alluded to the rail/highway grade crossing safety program, which you and we know as the Section 130 program.

Surely, records of your committee document the success of the Section 130 program, and I need not dwell on that here.

I do wish to state our position that categorical funding is essential. One of our member companies surveyed 163 state highway officials close to this program and 23 railroad officials on their view of block grants versus dedicated categorical funding. Eighty-three percent replied. Only 25 respondents favored a block grant approach; the remaining 129 favor dedicated categorical funding.

What's wrong with the block grant idea?

The vast majority of those favoring categorical funding said they foresaw severe cutbacks in the rail/highway grade crossing safety program. As you have heard, grade crossing needs would frequently lose out to more traditional highway needs such as capacity improvement and maintenance.

Now let me draw this to a close.

Insofar as the rail/highway grade crossing safety program is concerned, we recommend that

- Section 130 be reauthorized.
- Authorized funds be earmarked specifically for the Section 130 grade crossing safety program.
- The authorized funding level be high enough to continue the excellent improvements in safety.
- Existing permission for states to transfer up to 40 percent of Section 130 funds to other safety programs be eliminated.
- Operation Lifesaver, Inc., continue to receive support from the Highway Trust Fund.

As to the longer combination vehicles issue, Mr. Chairman, I have noted that their advent would devastate our industry.

Now let me speak as the person at the wheel of our car when my family goes on trips. I believe the majority of Americans join me in my fear of being tailgated or passed in rain and snow by the 40-ton rigs that are out there on the highway right now. Trucks are long enough, heavy enough, and dangerous enough as they are.

Segments of the trucking industry hope to use trucks weighing 131,000 pounds. That is 65½ tons. Mr. Chairman, the Abrams main battle tank that our military used in Operation Desert Storm weighs 2½ tons less than that.

Please don't allow the trucking equivalent of the Abrams tank out on the highways with us—and with you and your families.

Thank you for the Committee's time and attention, Mr. Chairman. I will be pleased to respond to any questions.

**RAILWAY PROGRESS INSTITUTE**

ROBERT E. HARBOR, CHAIRMAN • B.J.E. BELL, VICE CHAIRMAN • ROBERT A. MATTHEWS, PRESIDENT

# Most Successful Highway Safety Program Is Expiring and Should Be Reauthorized

SUMMARY

For nearly two decades, the U.S. Congress has earmarked a portion of the Federal highway budget to enhance safety at public rail-highway grade crossings. The result has become the nation's most successful highway safety program.

Grade crossing accidents have been brought down from a high of 11,999 in 1978 to 5,773 in 1989. This has been accomplished even though vehicular miles traveled per year have increased by 34.5 percent.

Authorization for the program, codified as Section 130 of Title 23 of the U.S. Code, expires this year. The Grade Crossing Safety Committee of the Railway Progress Institute recommends that:

- Section 130 be reauthorized.
- Authorized funds be earmarked specifically for the Section 130 grade crossing safety program.
- The authorized funding level be high enough to continue the excellent improvements in safety.
- Existing permission for states to transfer up to 40 percent of Section 130 funds to other safety programs be eliminated.
- Operation Lifesaver, Inc., continue to receive Section 130 funding.

## Background

Today's Section 130 program had its inception in 1970, when Congress directed the U.S. Secretary of Transportation to study the rail-highway grade crossing situation and to make recommendations for improving safety at ground-level crossings.

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Based upon the Secretary of Transportation's recommendations, Congress established a categorical safety program for the elimination of hazards at rail-highway crossings. Section 203 (predecessor to today's Section 130 program) of the Highway Safety Act of 1973 authorized funds specifically for crossing improvements and established the Federal share of the costs at 90 percent.

The program has been funded each year since at varying amounts, and the beneficial impact may be seen in the tables of this white paper. A change in accident reporting criteria in 1974 makes it impossible to compare today's figures with those of the program's inception. Comparisons are of course possible for years following the change.

## The Exposure Index

Raw totals, in and of themselves, do not present a complete picture of grade crossing safety improvements. The potential for grade crossing accidents has risen markedly, and that must be taken into consideration.

The potential is quantified through an exposure index, obtained by multiplying annual train miles by annual vehicle miles traveled, with the product then being divided by 10 to the 18th power.

The exposure index for 1975 was 711.40, when there were 10,925 accidents with 788 fatalities at public rail-highway grade crossings. This compares with an exposure index of 1,074.97 for 1989 when, preliminary figures show, there were 5,773 accidents resulting in 682 fatalities. In other words, although the exposure index increased more than 50 percent, fatalities dropped a significant 13 percent and accidents were reduced by 47 percent.

## Enhancing Safety at Crossings

Since 1973, Federal highway funds have been invested in the following grade crossing safety features:

- Installation of standard signs and pavement markings.
- Installation or replacement of active warning devices.
- Upgrading active warning devices, including track circuit improvements and interconnections with highway traffic signals.
- Crossing illumination.
- Crossing surface improvements.
- General site improvements.

Through Fiscal Year 1989, 24,500 projects[1] have been completed using $2.15-billion in obligated funds. In August, 1990, the Railroads, Utilities, and Programs Branch of the Federal Highway Administration reported a dramatic drop of 67 percent in fatal and non-fatal accidents at Section 130-funded projects evaluated. The Branch's conclusion is that more than 30,000 casualties have been averted because of the program.

The Railroad-Highway Grade Crossing Accident Picture
Indexed*

| Year | Accidents | Injuries | Fatalities |
|---|---|---|---|
| 1975 | 100.0 | 100.0 | 100.0 |
| 1976 | 112.6 | 109.3 | 97.0 |
| 1977 | 98.2 | 113.0 | 99.0 |
| 1978 | 100.9 | 97.8 | 93.9 |
| 1979 | 77.5 | 93.5 | 85.2 |
| 1980 | 78.4 | 85.8 | 75.3 |
| 1981 | 70.3 | 75.1 | 67.4 |
| 1982 | 67.6 | 68.2 | 64.0 |
| 1983 | 60.4 | 65.2 | 56.8 |
| 1984 | 60.4 | 63.8 | 51.5 |
| 1985 | 54.1 | 59.1 | 49.5 |
| 1986 | 54.1 | 52.2 | 43.4 |
| 1987 | 52.3 | 48.0 | 39.7 |
| 1988 | 51.4 | 44.1 | 36.1 |
| 1989 | 56.8 | 47.6 | 34.9 |

* Each index is derived through a two-step process. First, an annual ratio is obtained by dividing the annual fatalities, injuries, or accidents by the annual exposure index. The annual ratio is then divided by the base year ratio and the result is multiplied by 100 to yield the annual index.

The Railroad-Highway Grade Crossing Accident Picture
Totals

| Year | Accidents | Injuries | Fatalities |
|---|---|---|---|
| 1975 | 10,925 | 3,600 | 788 |
| 1976 | 11,700 | 4,343 | 978 |
| 1977 | 11,849 | 4,455 | 846 |
| 1978 | 11,999 | 4,120 | 929 |
| 1979 | 11,108 | 4,019 | 727 |
| 1980 | 9,422 | 3,534 | 708 |
| 1981 | 8,232 | 3,020 | 623 |
| 1982 | 6,882 | 2,417 | 526 |
| 1983 | 6,272 | 2,372 | 483 |
| 1984 | 6,370 | 2,597 | 543 |
| 1985 | 6,093 | 2,395 | 480 |
| 1986 | 5,620 | 2,227 | 507 |
| 1987 | 5,626 | 2,239 | 533 |
| 1988 | 5,820 | 2,344 | 594 |
| 1989 (prelim.) | 5,773 | 2,615 | 682 |

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[1]. A project may include more than one crossing.

## Future Funding Requirements

Congress directed the Department of Transportation in 1987 to study rail-highway grade crossings to develop facts concerning crossing improvement and maintenance needs.

DOT concluded (in Publication No. FHWA-SA-89-001) that, through Year 2005:

- A total of $114-million will be required per year to replace obsolete signal types, deteriorated crossbucks, signs, and pavement markings.
- Incorporating state-of-the-art equipment when replacing obsolete signal types as well as installing modern train detection and roadway user warning systems at problem grade crossings will require another $71-million per year.
- Approximately $45-million will be required annually for grade crossing surfaces at crossing improvement projects.
- A further reduction of from 15 to 20 percent in accidents by the year 2005 can be achieved with an expenditure of an additional $30-million annually. The program for spending this would concentrate on improved active warning systems, with perhaps a small added investment in structures.

Thus the Federal government's own study shows a need for $260-million per year.

## Categorical vs. Block Funding

When Congress addresses the many aspects of reauthorizing the Federal aid highway program, it will hear recommendations from the U.S. Department of Transportation and others that the Section 130 program funds be folded into a block grant safety program.

In March of 1990, one RPI member company surveyed highway officials close to the grade crossing safety program as well as railroad officials on the subject of block grants. The response rate was 83 percent. What follows is a summary of those responses.

| | State | Railroad | Total |
|---|---|---|---|
| Surveys sent (49 states, 17 railroads) | 163 | 23 | 186 |
| Replies received | 143 | 11 | 154 |
| Number of states represented in replies | 44 | -- | 44 |

Question 1: What method of safety funding do you prefer?

| | |
|---|---|
| a. Dedicated categorical funding | 129 |
| b. Block grant | 25 |
| | 154 |

Question 2: If all safety programs were consolidated and funded as a single block grant, what would happen to the Rail-Highway Grade Crossing Safety Program in your state?

| | | |
|---|---|---|
| a. | Continue at present level | 23* |
| b. | Reduced by 25-50 percent | 18 |
| c. | Reduced by 50-75 percent | 60 |
| d. | Reduced by more than 75 percent | 49 |
| | Unknown or no indication | 4 |
| | | 154 |

* - Thirteen of these included one or more of the following comments:

- Assuming funding at the same level.
- Assuming funds are made available.
- Depending on spending priorities.
- If railroads cooperate.
- Would do fewer signals and more surface projects.
- If funds allocated to crossing safety.
- Projects would be weighed on merit.

Implicit in these responses is the background knowledge that, with block grant funding, demands for highway dollars would overwhelm the relatively small sum committed for crossing improvements.

The RPI Grade Crossing Safety Committee asserts that motorists are equally entitled to expect Federally provided grade crossing safety enhancements as they are entitled to expect Federally mandated standards for highway construction and maintenance. Therefore, the Section 130 program should be continued as a categorical grant program; it should not lose its identity in a bundle of other safety programs.

## Transferability of Funds

Under the current program, states may, at their own discretion, transfer up to 40 percent of their annual allocation of funds to other highway safety programs. Over the life of this program, some $160-million that should have been spent on crossing improvements has been transferred out.

This provision of present law should be eliminated so that all Section 130 funds go to crossing improvements. Money not used by states should be made available to other states who have used their entire allotment of funds and can show need for further funding.

## Grade Crossing Safety Employment

Approximately 10,000 employees rely upon Section 130 funding for employment in firms that provide supplies, equipment, and surfaces used in upgrading and maintaining grade crossings.

## Operation Lifesaver

Operation Lifesaver is an established, successful nationwide public education program devoted to grade crossing safety. Since 1988, Operation Lifesaver has received $250,000 per year in Section 130 funding for its public information program. (In the past decade, RPI member companies have donated significant amounts of time, effort, and money to Operation Lifesaver, and RPI was one of the organizations that helped establish the program as a separate entity when it was dropped by the National Safety Council in June of 1986.)

## Conclusion

The Grade Crossing Safety Committee of the Railway Progress Institute recommends that:

- Section 130 be reauthorized.
- Authorized funds be earmarked specifically for the Section 130 grade crossing safety program.
- The authorized funding level be high enough to continue the excellent improvements in safety.
- Existing permission for states to transfer up to 40 percent of Section 130 funds to other safety programs be eliminated.
- Operation Lifesaver, Inc., continue to receive Section 130 funding.

--Issued March 19, 1991, by the RPI Committee on Grade Crossing Safety

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## Impact of Longer, Heavier Trucks Upon the Railway Supply Industry

### Introduction

The nation's railroads build very little of the equipment and machines that they use. They rely upon the railway supply industry, which comprises some 1,100 firms. These range in size from extremely small to such major firms as the Electro-Motive Division of General Motors Corporation and the General Electric Company, both builders of diesel-electric railroad locomotives.

Firms in the railway supply industry provide such items as rails, ties, switches, signaling equipment, locomotives, rolling stock, maintenance-of-way equipment, automated freight train classification yards, rail-highway grade crossing surfaces and warning devices, and passenger cars for Amtrak, subway systems, and light rail systems. The industry also includes firms that lease rolling stock.

### The Supply Industry's Economic Health

The economic health of these firms is directly related to the profitability of railroading. One indicator of the railway supply industry's economic health is the number of freight cars built in a year. In 1979, just before the recession of the early 1980s struck, annual freight car orders reached almost 90,000. By 1983, car deliveries had dropped to 5,700, their lowest point since the Great Depression of the 1930s.

Recovery from that low point consumed the remainder of the 1980s. Examples: Freight locomotives--200 built new in 1983, 131 built new in 1987, and 735 built new in 1989. Freight cars--5,800 built new in 1983; 22,500 in 1988, and almost 30,000 in 1989. A similar total, approximately three-fifths of total domestic capacity, was expected for 1990.

### The Threat

The possibility of Congress's permitting twin 48-foot trailers and perhaps triple 28-foot trailers on highways nationwide -- or even much heavier trucks in their present configurations -- is a direct threat to the freight railroads and to their suppliers.

A reliable indicator of the scope of the threat is to be found in the Intermodal Competition Model created by the Association of American Railroads and validated by Gerard J. McCullough, Deputy Director of the Center for Transportation Studies at the Massachusetts Institute of Technology.

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The model shows that, had twin 48-foot trailers been in use nationwide in 1988, the railroads would have lost 19.4 percent of gross revenue from intermodal operations, or $710 million. Other diversions from rail to truck would have been as follows:

| | |
|---|---|
| Motor vehicles . . . . . | $786 million. |
| Paper products . . . . . | $439 " |
| Chemicals . . . . . | $398 " |
| Lumber . . . . . | $326 " |
| Food products . . . . . | $298 " |

These are only primary loss figures for the freight railroads. Secondary ramifications would be severe as well:

> Some marginal short line and regional railroads would fail, depriving the major railroads of additional rail traffic.
>
> Railroads would be forced to drop rates on traffic that could be captured by heavier, larger trucks using publicly-subsidized highways, making it difficult to cover the railroads' fixed costs. Therefore rates on commodities that trucks cannot handle would have to be raised.
>
> Rail passenger traffic would be jeopardized on 22,400 miles of Amtrak routes, operated over freight railroad tracks outside of the Northeast Corridor, and on many commuter train routes, because railroad maintenance would be deferred. One can foresee a return to the 1970s, when fully one-quarter of all railroad trackage was in bankruptcy and rights-of-way were in such poor condition that freight and Amtrak passenger trains were subjected to many slow orders.

## The Consequences

The impact of losses such as these on the railway supply industry would be devastating. New car orders, particularly those for tank cars, intermodal cars (trailers and/or containers on flat cars), and auto rack cars, would disappear. So would orders for locomotives, as there would be little railroad freight traffic except for bulk commodities.

There could be little demand for the sophisticated advanced train control systems now being developed to help the railroads move more traffic more efficiently over existing rights-of-way. Sales of ballast, rails, ties, and equipment used to rehabilitate trackage and maintain it at highest quality would disappear. Permitting larger, heavier truck "trains" on the nation's highways would result in severe economic damage to the railroads,

which are clearly more fuel-efficient than trucks, and would drive the railway supply industry back once more into recession -- if not another Great Depression.

--Issued October 28, 1990

STATEMENT OF
RICHARD L. HOWARD, SECRETARY OF TRANSPORTATION,
STATE OF SOUTH DAKOTA
Before The
SUBCOMMITTEE ON SURFACE TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES
Washington, D.C.
April 18, 1991

Mr. Chairman and Members of the Subcommittee:

I am Richard L. Howard, Secretary of Transportation of the State of South Dakota. I appear today to present testimony on behalf of my own State and advise that our prepared testimony has been concurred in by the Transportation or Highway Departments of the States of Montana, Nevada, North Dakota, Washington, Wyoming, Alaska, Utah, Hawaii, and New Mexico.

We appreciate the opportunity to present testimony at this important point in the legislative process. The focus of our testimony today will be the future of the highway program; we offer not only general positions, but specific recommendations.

Mr. Chairman, we would measure any Federal highway legislation by whether it meets the following major objectives:

(1) increasing the program's funding to meet the nation's growing needs;

(2) preserving the roads on current Federal-aid systems;

(3) maintaining a balance which serves both rural and urban areas;

(4) increasing the States' flexibility to customize the program to meet national as well as unique needs; and

(5) retaining the current Federal match ratios to minimize the burden on already hard pressed state and local governments.

To achieve these objectives, we support the proposed Transportation Improvement Act of 1991, introduced this Tuesday in the Senate by Senators Reid and Baucus along with Senators Pressler and Daschle from my State, Senators Burns, Bryan, Conrad, Stevens, Gorton, Hatch and Murkowski. We seek positive change but in a balanced way

which reflects, as Senator Reid has said, that it is our highways, not so much our highway laws, which are crumbling and in need of repair.

This legislation would continue program categories for Interstate 4R, for primary, secondary, and urban highways, for bridges, and for hazard elimination and railroad/highway crossings. The bill makes these familiar categories work better, however, by providing significantly increased funding and greatly expanded transferability between distinct categories. And we believe that the bill's apportionment formula allows fair distribution of funds between the programs and among the states when adequate transferability is provided.

Under that bill, thirty percent of a highway category's funds could be transferred to another highway category and thirty percent of urban system funds could be transferred to transit with no FHWA review. An additional 20 percent of highway funds from any category could be transferred to other highway categories or to transit with FHWA approval. This major transferability initiative will allow each State to significantly customize its program while maintaining a general framework that ensures balanced service in urban and rural areas. It also establishes clear funding commitments to Interstate preservation and safety projects.

In contrast to the Administration's bill (H.R. 1351), the Transportation Improvement Act does not propose a narrow "National Highway System" (NHS) but rather stresses the importance of improving the entire Federal-aid highway system. Many states think the "illustrative" NHS, which the Administration would like to make a reality, shows disregard for years of careful planning and functional classification. It would drastically weaken national connectivity by including too few miles. The VMT factor which was used to determine the mileage allotted to each State does not measure national significance, and time-tested funding categories and allocation formulas would be cast aside for new programs which are not well defined.

The Adminsitration's bill includes a number of good features. We particularly commend the Administration for including a low density formula factor in its apportionment scheme and for including a one-half percent minimum apportionment in the urban and rural program. These are among the appropriate ways of recognizing that low population density States cannot be asked to finance, on their own, construction and upkeep of long stretches of Interstate and primary highways which serve national, not just local traffic.

We also agree with their proposed allocation formula, which considers the extent of the system as well as its use by adding land area and public road miles as factor for funding distribution. We are very concerned, however, about the inadequate funding levels; the small size of the proposed NHS; the lack of flexibility for States to transfer funds from the NHS to projects on other roads; and the increased State matching share. Accordingly, we do not recommend H.R. 1351 to Congress as the best point of departure for the overall structure of the next highway bill.

If H.R. 1351 is used as the starting point, however, we want to clearly state the changes we would make to it. Those changes should include:

1. increased funding;
2. a larger NHS;
3. greater transferability between systems;
4. significant transferability without FHWA approval;
5. some assurance of balance between urban and rural funding of non-NHS highways; and
6. maintenance of existing match ratios in all categories.

In the balance of my testimony today, I will explain in greater detail why we support the Transportation Improvement Act. For the Committee's ready reference, a summary table attached to this testimony compares the major provisions of the Administration's proposal to the Transportation Improvement Act.

1. INCREASING FUNDING

We agree with you, Mr. Chairman, and with Chairman Roe, Representatives Hammerschmidt, Shuster, and others on the Committee who advocate increased investment in our transportation system. The views and estimates which you recently sent to the House Budget Committee demonstrated your understanding of the problem. Increased transportation investment is needed across the nation, both in rural and metropolitan areas, to make our nation more competitive in today's tough global marketplace.

We ask that Congress annually:

(1) spend all income into the Highway Account of the Trust Fund, both current taxes and interest on the balance in the Account; and,

(2) draw down the balance in the Account over a reasonable period of time.

The funding levels within the Transportation Improvement Act of 1991 would meet these tests, both as to authorizations and obligations. It would increase the authorizations for the ongoing program (excluding Interstate Completion and Substitution) beyond the $12.7 billion in the Administration's bill to $14.4 billion. It would also set a higher obligation ceiling which will allow States to work down current balances and gradually reduce the balance in the Highway Account. While under the Administration's proposal, the Highway Account balance would continue to increase through 1996, according to the Congressional Budget Office.

Also, Mr. Chairman, while we are aware of the competition for increased spending within the budget process, highway users have just had their taxes increased. That should be a strong consideration when the Congress decides which domestic programs should have increased funding. Last fall's 5 cents per gallon motor fuel tax increase dedicated 2½ cents per gallon to deficit reduction. We hope the proceeds of at least the other 2½ cents of the tax increase will be reflected in increased spending for transportation

programs under the reauthorization legislation, as well as further increases to draw down Trust Fund balances.

In short, because of critical highway needs and the recent user tax increase, we urge the Committee to adopt funding levels well above the those in H.R. 1351.

2. PRESERVING THE SYSTEM: THE SYSTEM MUST BE BROADER THAN THE NHS

Today's Federal-aid highways comprise roughly 20 percent of the nation's road mileage, but generate over 80 percent of vehicle miles traveled. We think that this and functional classification demonstrate that the existing Federal-aid system is nationally significant.

However, the "illustrative" NHS program would arbitrarily shift 700,000 or 82 percent of the Federal-aid miles into the turnback, urban-rural program. There has not been any change in highway conditions or uses to justify this more narrow definition of national interest highways or that those highways deserve less Federal support.

If the Administration's NHS is accepted by Congress, you will have effectively empowered the FHWA to designate the NHS and dictate to each State which of its primary highways are most important. We believe the States are capable of choosing which primary highways within their borders require greatest attention. However, if Congress approves FHWA's proposition, this implies that Congress is saying that much of today's Federal-aid system does not warrant significant Federal support. We urge Congress to disagree.

Addressing the Problems With an NHS as Proposed in H.R. 1351

If Congress decides to reauthorize the highway program with an NHS, we recommend that you leave in place the Administration's proposed funding formula for the NHS and its proposed 2-1 split in funding between NHS and the urban/rural program. But, we would increase the size of the NHS to include the entire Interstate and primary

systems, allow more transferability from the NHS to other programs, provide transferability without FHWA review or approval, and lower the State match.

Several of these changes are interrelated. For example, the less transferability Congress allows from the NHS to an urban/rural program, the more critical to expand the miles on the NHS. If greater transferability is provided, then the NHS mileage would not have to be as extensive. However, without these changes, the funds would be restricted from use on many important primary highways, highways which are clearly in the national interest.

3. MAINTAINING CONTINUITY AND BALANCE — INTERSTATE 4R, PRIMARY, SECONDARY, URBAN, AND BRIDGE CATEGORIES

We recommend that new highway legislation continue existing categories and matching ratios for Interstate 4R, primary, secondary, urban, and bridge categories, and keep hazard elimination and railroad/highway crossing programs. For apportioned funds other than Interstate completion, we suggest a mix of 35 percent of funding for I-4R, 29 percent for primary, 17.5 percent for bridge, 9 percent for the urban system, 6.5 percent for secondary highways, and the remaining 3 percent for hazard removal and railroad/highway grade crossings. These percentages are based upon an increased program level and the percentages and funding amounts maintain the proper balance. We would also complete the Interstate System.

The Administration offers a three part program, 57 percent NHS, 30 percent urban/rural and 13 percent bridge, plus completion of the Interstate System.

Compared to the Administration's bill, the traditional funding system proposed by our bill will better address the needs on our nation's highways. It would preserve:

- the Interstate;
- the entire Primary System; and,
- the existing Urban and Secondary systems.

It would also establish a well defined safety program and allow States to customize all the categorical programs to address their own needs by transferring funds between categories. Let us elaborate.

Urban and Secondary Program

The Adminsitration's bill would required States to divide urban/rural funds between urban and rural areas "fairly and equitably," which could mean virtually anything. We would preserve all the categories already mentioned and allow significant transferability between them, ensuring that at least some funding would go to urban areas and some to rural areas, while allowing individual States to customize the funding levels to address their unique local circumstances.

The Committee is probably aware that, as a matter of practice today, the "State" match for projects on highways on the urban and secondary systems is often paid for by local units of government. As currently proposed, the Administration's proposal may pit rural counties and cities against each other and against the States to retain their share of the funding. In addition, as a matter of overall balance in the legislation, the preservation of a rural secondary program is particularly important considering that funding under transit programs has been dedicated virtually entirely to metropolitan areas.

Interstate 4R

HR 1351 gives inadequate attention to the preservation of the Interstate and 60 percent of the primary system. The GAO testified before this Committee last year on the deterioration of our Interstate Highways, citing USDOT studies that there are $4.7 to $6.1 billion in annual needs on the Interstate System for Interstate 4R projects, not counting road widening. To expand capacity, estimates indicate thousands of new lane miles are needed on Interstate Highways in metropolitan areas to alleviate congestion problems.

However, the Adminsitration's bill includes no funds specifically dedicated to I-4R. NHS funds could be spent on I-4R or they could be spent largely, or perhaps in some years, entirely, on the primary highways on the NHS. The Administration's bill would explicitly require USDOT to regulate States to ensure maintenance of adequate Interstate condition. However, administering that kind of provision may require many decisions in very "gray" areas. It could result in disputes between FHWA and State governments regarding Interstate condition and where NHS funds could be spent.

Our recommended structure would respond to the clearly documented need on the Interstate System with a separate category for Interstate 4-R funding.

Primary System

We would also continue categorical funding for the primary highway system. The primary system connects our towns and cities and other traffic generators to the Interstate System, providing an economic link for rural and urban areas. Only 100,000 miles, or 40 percent of the existing primary system (other than Interstate Highways) would be a part of the "illustrative" NHS. Thus, the NHS proposal may be fairly viewed not as creating a new category, but as chopping down a present one. It we relabel the NHS program more accurately as a "primary system reduction plan," I doubt it would have the same level of support. We would, instead, continue to support the primary system.

Interstate Completion

Although Interstate completion will remain a significant funding component of the next highway bill, there is broad agreement that this reauthorization bill should be the last one to apportion funds for "completion" of the Interstate System. The question is how.

The Transportation Improvement Act would authorize the same amount of Interstate construction apportionments as the Administration's bill, but over 6 rather than 4 years. This extended schedule would more likely meet States' cash flow

constraints. We believe this approach would correctly "reward" the majority of States which have already completed construction of the Interstate System by allowing them to participate in a larger portion of non-Interstate apportionments.

Specifically, the larger the amount apportioned for Interstate completion, the smaller the amount available for other categories. A large amount apportioned to Interstate completion will leave less available to a large group of States which have already completed their Interstates. These States deserve commendation, not a penalty. Thus, the approach of the Transportation Improvement Act is reasonable.

The Administration would also amend current law by eliminating the present statutory right of States which have completed their Interstate highway programs to receive a one-half percent allocation of $1.4 billion ($7 million) in Interstate construction funds for FY 1993 (See Sections 102(c) and 104 of the Surface Transportation and Uniform Relocation Assistance Act of 1987). We recommend that Congress make any changes prospectively and leave untouched that $7 million to which 26 States are entitled by present law.

Bridge

The Transportation Improvement Act recognizes the bridge crisis on our nation's highways by expending a higher portion of categorical apportionments on bridges than the Administration's bill, 17.5 percent compared to 13 percent. This is an appropriate response to deteriorating bridge conditions.

We also note that the Administration has proposed a change in the bridge funding formula which is based upon "level of service," a concept which has not been explained. We will reserve judgment and comment later, when more information on this new formula is available.

Safety

The three major funding categories identified in the Administration's bill do not set aside funds for specific safety construction projects like hazard elimination, railroad/highway crossing, and safety construction programs. The Administration's bill does state that at least 10 percent of total apportionments for NHS, urban/rural, and bridge programs be obligated "for projects that have specific and significant safety benefits." If this provision requires 10 percent of funds to be earmarked for safety projects, as traditionally defined, within each program, this may be too much. On the other hand, this provision may also be satisfied by projects which would be undertaken anyway, such as bridge repair and, therefore, there would be no explicit emphasis on safety. If such a provision is intended to cause States to change their project selection priorities to accelerate projects which have specific safety benefits compared to other projects which do not, the result will be increased FHWA regulation of State project selection. Compared to present law, the Administration's proposal may have too much opportunity for FHWA regulation.

Federal Lands

Compared to present law, the Administration would increase funding for the forest highway, parkway, and Indian reservation road programs, but abolish the public lands highways category. All of these Federal lands programs have been seriously underfunded for years and represent a unique Federal responsibility. The Transportation Improvement Act correctly increases forest highway, parkway and Indian reservation road funding to a greater extent than would the Adminsitration and correctly retains and increases the public lands category.

4. INCREASING FLEXIBILITY

The proposed Transportation Improvement Act correctly would allow States to respond to particular needs, and make better utilization of funds by adding greater flexibility to transfer funds between categories. That bill would authorize 30 percent transfer between highway categories and 30 percent transfer between urban system funds and mass transit without FHWA approval. An additional 20 percent transferability is available between categories and to transit with FHWA approval. In contrast, the Administration's bill only provides for transfer of up to 15 percent from the NHS to the urban/rural program, but only with FHWA approval. It provides less transferability between categories than present law, even though it allows the urban/rural category to be used for transit.

Altogether, the Transportation Improvement Act provides greater authority for transfers to transit than the Administration's bill. While it is true that the Administration would have fewer categories, their program still has insufficient flexibility. That lack of flexibility will seriously impede the ability of States to make the program work.

5. RETAINING THE CURRENT MATCH RATIOS

One aspect of H.R. 1351 which we strongly oppose is its proposal to increase State matching shares. The major way this proposal would impact States is by reducing the Federal share of all projects on the urban/rural system from today's 75 percent to 60 percent. This effectively doubles the State and local match requirement. The Adminsitration's proposal would also reduce the Federal share for Interstate lane additions under the 4R program from 90 to 75 percent and the Federal share of bridge projects from 80 to 75 percent.

There are a number of reasons why the Adminsitration's matching ratios should be rejected. State and local governments already contribute the vast majority (over 80 percent) of all government funds spent on highways. Those non-Federal funds are used to support both the States' share of Federally assisted projects on Federal-aid highways and to support projects on State and local roads off the Federal-aid system.

Requiring States and local governments to pay a higher share of Federally assisted projects would result in fewer State and local projects, loss of Federal-aid due to the inability to match funds, raising non-Federal taxes to make up the difference, or some combination of these responses. This should not be done, especially while the Highway Account balance is so large.

## OTHER IMPORTANT CONSIDERATIONS

### New Formula Factors

We recommend to the Committee a number of innovative formula factors proposed in the Transportation Improvement Act to address national interest concerns. In addition to a low population density formula factor similar to that correctly proposed by the Administration, three new factors would be used to modify overall apportionments to qualifying States. Let me say that such an approach is not new. The present minimum allocation provision is, in effect, such a factor. The other three factors would compensate States for (1) a high level of effort, (2) adverse weather, and (3) extensive federal lands.

### High Level of Effort Factor

Many States expend more per person on highway improvement and maintenance than others. This effort deserves Federal recognition. The Federal government needs to encourage and reward infrastructure investment, not discourage it. By providing an apportionment bonus to States making the largest per capita efforts, this provision rewards initiative.

Adverse Weather Factor

This provision compensates States which face higher highway costs due to the need to build or repair pavement to withstand extreme heat or a large average number of days which are not frost free.

Federal Lands Factor

A number of States are impacted by the inability to tax extensive Federal land holdings. Yet, they have the responsibility to provide access to or through these Federal lands. The Federal lands factor responds with a modest apportionment adjustment.

The Donor/Donee Relationship

We have seen comments that, under the current system for allocating highway funds, certain States are "donors" to the Federal highway program and others are "donees", as if those labels mean the program should be changed. We reject that terminology as overlooking the important fact that all citizens, both those in rural and metropolitan areas, are beneficiaries of a well developed highway system stretching across our country. This basic concept must continue if we are to have a national highway system which serves national interests.

Further, we note that the present law already significantly accommodates the so-called donor States with a minimum allocation program. We have no objection to continuing the present 85 percent minimum allocation program, even though most Federal programs have no minimum allocation provisions.

Let me amplify by discussing the transit program, though the general points apply to non-transportation programs as well. We believe that continued Federal support for transit is in the national interest, though most of the States I am representing today do not participate significantly in that program. We believe the nation is adversely affected if urban congestion makes our metropolitan areas less productive. However, as a price for our agreement that there is a national interest in transit, we do not insist that there

must be an 85 percent minimum allocation to each State of highway user taxes dedicated to transit. The point is that there are many reasons why there is a donor/donee relationship in a Federal highway program and it is the role of the Federal government to recognize and act upon those reasons.

National and Regional Interconnectivity

For the record, let me briefly note some of the reasons why the Federal-aid highway program must continue to invest in roads in rural areas. One is because efficient highway travel across those areas provides tremendous benefits to the citizens of major population centers and the nation as a whole. Rural States and rural areas within States function as "bridges," providing connecting links between distant metropolitan areas such as the Great Lakes and Pacific Northwest, or the Northeast and California.

Consider, for example, the amount of fuel tax that might be collected in Nevada from a truck moving manufactured goods from Cleveland to San Francisco. The highways used by that truck helped create a market for the goods moved, a market needed by the people in the metropolitan areas to support their companies and jobs. So highways in rural areas allow manufactured and raw products, tourists, business people, moving vans and our nation's military to travel efficiently throughout the country.

Further, a fair and balanced national transportation program is vital to the nation's overall system for moving nationally significant commodities such as agricultural products, timber, and other natural resources from producing areas to national and international markets (as well as manufactured products back to rural areas).

Those movements are more important than many might realize. The Commerce Department keeps statistics on how the nation's trade deficit breaks out on a State by State basis. In recent years, those statistics show that many of our agricultural and natural resource producing States are the most internationally competitive. Now is not the time to weaken the transportation system which supports those sectors.

In addition, Mr. Chairman, with changes in the world economic order, the United States is now receiving a great influx of tourists from other developed countries. Many of the prime destinations for these valued visitors are the wonders of our national parks and monuments. The locations of these national treasures warrants continued attention to roads in rural areas if this foreign trade is to be increased.

High Level of Effort Made By Most Donee States

Let me also emphasize that the highways in donee States such as mine also deserve strong Federal support due to the high level of effort that our citizens make to maintain and improve the highways within their borders. Most of the States I am representing today spend far more per capita on highways than the national average, in part to support the national interest in roads across our States.

Based on the latest data which I have seen compiled, Mr. Chairman, citizens in my State of South Dakota spend $338 annually per capita on highways, nearly 50 percent more than the national average of $226. So, we are making a very big effort to carry our share of the load. This is not, by the way, strictly a regional phenomenon. States as diverse as New York, Virginia, Montana, New Mexico, and Connecticut exceed the national per capita effort.

And, Mr. Chairman, we believe highway legislation would be improved if a formula factor were enacted which would reward States which make above average per capita investments in highways. That factor is in the Transportation Improvement Act.

So, Mr. Chairman, while I know you understand these issues, we want to clarify that so-called "donees" are not getting a free ride. To the contrary, the citizens of those States are doing more per capita than the national average to support the national program.

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CLOSING REMARKS

Modern research on global competitiveness concludes that although highway investment alone will not produce development, development without highways is virtually impossible. In other words, highway investment does not guarantee growth, but is a prerequisite to it. And we need a better highway system in this country to make our nation more internationally competitive.

To achieve this, we recommend that the new highway program should take a moderate approach in changing the existing major program categories, but invigorate them with more funding and flexibility. Those programs have delivered the best transportation system in the world. Our States believe the new highway program should:

- Enhance economic competitiveness for all areas of the nation
- Emphasize preservation of the entire Federal-aid highway system
- Retain attractive portions of the existing highway program
- Increase funding for all highways

We recognize that addressing urban congestion also is important to our country's economic progress and our ability to compete in the global marketplace. However, one way to slow the increase in urban congestion is to maintain a healthy rural economy. The risk of weakening rural America's ability to compete, by reducing access and continuity, is that it may precipitate economic demise and increase out-migration to urban areas. This economic imbalance will aggravate the existing congestion problem and not help our nation compete.

CONCLUSION

Mr. Chairman, in conclusion, we support a larger, more balanced program than proposed in H.R. 1351. While that bill's approach to distributing funds yields a balanced

and sound distribution among the States, there are considerable weaknesses in H.R. 1351 -- the small size of the NHS (the "primary system reduction plan"), the lack of transferability between programs, the vagueness of the urban/rural program, and the inadequate funding. And, the Federal share reduction proposal is simply not appropriate.

Today, by supporting the Transportation Improvement Act, we have offered a very serious alternative to H.R. 1351, one which will preserve yet modernize the entire Federal-aid system. The attached funding comparison chart demonstrates that this is a proposal that offers a lot to all regions of the country.

While we believe the Congress should begin its drafting from the approach we have recommended, if it does not, we urge the Committee to incorporate as many of our concepts as possible into the approach it pursues.

That concludes our testimony, Mr. Chairman, and we thank you for the opportunity to appear before you today.

* * * *

Attachments (2)

# Summary Comparison

| Issue | USDOT Highway Proposal | Transportation Improvment Act |
|---|---|---|
| Increase Funding | Highway Account balance grows by average of $1.5 billion per year thru FY '96, according to CBO | Gradual spend down of Trust Fund balance |
| Preserve System | 66% of funding allocated to 150,000 miles (18%) of the existing system<br>34% funds allocated for remaining 700,000 miles (82%) | Maintains balanced focus over the entire 850,000 mile Federal-aid system |
| | Imbalance between NHP and U-R<br>NHS $49,000 / mile<br>U-R $ 5,400 / mile | Balanced Federal-aid system |
| Maintain Program Balance | Major restructuring of program<br>No guaranteed Urban & Secondary participation | Moderate change to existing program<br>Retains Urban & Secondary programs |
| | No Minimum Allocation | Retains Minimum Allocation |
| | Reduces categories to three | Retains Interstate, Primary, Secondary and Urban categories |
| | NHP 57% $ 7.3 billion<br>U-R 30% 3.8 billion<br>Bridge 13% 1.6 billion | Interstate 4R 35% $5.0 billion<br>Primary 29% 4.2 billion<br>Secd.-Urban 16% 2.3 billion<br>Bridge 17% 2.5 billion<br>Safety 3% 0.4 billion |
| | TOTAL* $12.7 billion | TOTAL* $14.4 billion |
| More Flexibility | 15% can be transferred from NHP to U-R programs only with FHWA approval | 30% transfer between highway categories without FHWA approval; 30% transfer of urban to transit without FHWA approval |
| | U-R funds can be used for highway and transit projects | Additional 20% transfer from any highway category to any other category, or to transit, with FHWA approval |
| Retain Current Match Ratios | U-R state/local match raised to 40%, | Continue existing ratios |
| | Bridge state/local match raised to 25% | Interstate 90 %<br>Primary, Urban & Secondary 75 %<br>Safety 90 %<br>Bridge 80 % |
| | Increases state & local financial burden | |
| | $12.7 billion* federal program requires $3.2 billion non-federal match | $14.4 billion* federal program requires $2.7 billion non-federal match |

*does not include Interstate Contrstruction and Interstate Substitution Apportionments

## COMPARISON OF PROGRAMS

| STATE | Proposed USDOT Program | | Transportation Improvement Act | |
|---|---|---|---|---|
| ALABAMA | 252,332,847 | 1.72% | 283,259,858 | 1.66% |
| ALASKA | 240,328,234 | 1.64% | 295,056,624 | 1.73% |
| ARIZONA | 184,768,992 | 1.26% | 252,061,230 | 1.47% |
| ARKANSAS | 168,847,553 | 1.15% | 201,532,688 | 1.18% |
| CALIFORNIA | 1,238,235,607 | 8.45% | 1,510,815,195 | 8.84% |
| COLORADO | 182,059,594 | 1.24% | 264,087,163 | 1.54% |
| CONNECTICUT | 237,367,019 | 1.62% | 297,808,310 | 1.74% |
| DELAWARE | 60,019,141 | 0.41% | 70,179,338 | 0.41% |
| DIST OF COL | 96,175,617 | 0.66% | 99,952,898 | 0.58% |
| FLORIDA | 519,544,413 | 3.54% | 690,360,589 | 4.04% |
| GEORGIA | 405,109,985 | 2.76% | 515,650,597 | 3.02% |
| HAWAII | 92,867,764 | 0.63% | 93,405,939 | 0.55% |
| IDAHO | 109,620,984 | 0.75% | 133,488,557 | 0.78% |
| ILLINOIS | 459,532,319 | 3.14% | 545,074,829 | 3.19% |
| INDIANA | 278,954,450 | 1.90% | 361,041,398 | 2.11% |
| IOWA | 186,484,084 | 1.27% | 250,153,838 | 1.46% |
| KANSAS | 191,757,276 | 1.31% | 256,347,567 | 1.50% |
| KENTUCKY | 223,074,708 | 1.52% | 255,722,659 | 1.50% |
| LOUISIANA | 221,460,284 | 1.51% | 263,281,179 | 1.54% |
| MAINE | 73,763,895 | 0.50% | 89,751,184 | 0.52% |
| MARYLAND | 266,988,519 | 1.82% | 275,232,899 | 1.61% |
| MASSACHUSETTS | 1,054,676,052 | 7.20% | 718,248,379 | 4.20% |
| MICHIGAN | 388,662,410 | 2.65% | 466,833,011 | 2.73% |
| MINNESOTA | 241,035,727 | 1.64% | 311,237,635 | 1.82% |
| MISSISSIPPI | 161,347,993 | 1.10% | 192,407,792 | 1.13% |
| MISSOURI | 329,943,174 | 2.25% | 401,774,863 | 2.35% |
| MONTANA | 143,131,812 | 0.98% | 207,801,975 | 1.22% |
| NEBRASKA | 154,818,472 | 1.06% | 175,124,169 | 1.02% |
| NEVADA | 123,696,091 | 0.84% | 132,739,364 | 0.78% |
| NEW HAMPSHIRE | 64,274,669 | 0.44% | 77,445,317 | 0.45% |
| NEW JERSEY | 433,787,759 | 2.96% | 418,948,266 | 2.45% |
| NEW MEXICO | 156,131,096 | 1.07% | 193,085,972 | 1.13% |
| NEW YORK | 680,048,225 | 4.64% | 894,040,400 | 5.23% |
| NORTH CAROLINA | 349,496,063 | 2.38% | 437,088,661 | 2.56% |
| NORTH DAKOTA | 109,767,340 | 0.75% | 134,093,865 | 0.78% |
| OHIO | 473,166,364 | 3.23% | 586,969,039 | 3.43% |
| OKLAHOMA | 218,477,385 | 1.49% | 254,457,222 | 1.49% |
| OREGON | 184,506,717 | 1.26% | 230,550,643 | 1.35% |
| PENNSYLVANIA | 729,224,966 | 4.98% | 767,907,439 | 4.49% |
| RHODE ISLAND | 87,557,367 | 0.60% | 93,572,339 | 0.55% |
| SOUTH CAROLINA | 178,813,139 | 1.22% | 209,967,526 | 1.23% |
| SOUTH DAKOTA | 110,992,673 | 0.76% | 145,552,592 | 0.85% |
| TENNESSEE | 287,893,211 | 1.96% | 339,430,228 | 1.99% |
| TEXAS | 882,723,637 | 6.02% | 1,050,515,404 | 6.14% |
| UTAH | 117,775,597 | 0.80% | 166,493,607 | 0.97% |
| VERMONT | 64,313,223 | 0.44% | 76,857,887 | 0.45% |
| VIRGINIA | 364,485,933 | 2.49% | 398,449,653 | 2.33% |
| WASHINGTON | 335,260,678 | 2.29% | 370,894,207 | 2.17% |
| WEST VIRGINIA | 127,556,964 | 0.87% | 175,203,240 | 1.02% |
| WISCONSIN | 307,046,928 | 2.09% | 318,928,050 | 1.87% |
| WYOMING | 106,837,176 | 0.73% | 145,516,545 | 0.85% |
| TOTAL | 14,656,742,127 | 100.00% | 17,096,399,833 | 100.00% |

Note: Programs are for FY '93 including Interstate Construction and Substitution and other ongoing categories

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NATIONAL OFFICE

STATEMENT OF

MILO KIRK

VICE PRESIDENT
MOTHERS AGAINST DRUNK DRIVING

BEFORE THE

HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

SUBCOMMITTEE ON SURFACE TRANSPORTATION

APRIL 18, 1991

Mr. Chairman, members of the Subcommittee, it is a pleasure to appear before this Committee to discuss the subject of drunk driving and the federal government's role in helping to rid our highways of drunk drivers. As the co-founder of the Dallas, Texas Chapter of MADD, I am pleased to note the long-standing commitment of this Committee in combating drunk driving.

To come before this committee is to come before old friends. Over the course of MADD's ten years as a grass roots advocacy organization combating drunk driving, the House Committee on Public Works and Transportation has been the venue for many of our most significant advances. This Committee developed the NHTSA 408 Alcohol Incentive Grant program in 1982, known as the Howard-Barnes bill, named for the late chairman of this subcommittee and full committee, Rep. James Howard of New Jersey, who is sorely missed by those of us fighting drunk driving and promoting highway safety. In 1984, this committee led the way in the fight to raise the minimum drinking age nationwide to 21. With the support of this committee and Rep. Glenn Anderson in 1988, the Drunk Driving Prevention Act, now known as the NHTSA 410 program, became law.

MADD has been proud of our association with these legislative victories for the victims of drunk driving and we look forward to making further progress this year as Congress extends and modifies the highway safety provisions of the Surface Transportation Assistance Act.

My purpose in being here today is to urge the Committee and this Congress to revise and extend the provisions of the NHTSA 408 and 410 anti-drunk driving incentive grant programs, consolidating these programs into a single program devoted exclusively to combating drunk driving.

Let me also make clear that while MADD wishes to maintain an anti-drunk driving program which is authorized and appropriated as a discreet program, we will also support separate programs designed to advance an agenda of highway safety initiatives.

There will be those who would say that drunk driving is but one of many problems on our nation's highways and that now is the time for the adoption of a generic highway safety bill. While MADD recognizes that safety belt laws, motorcycle helmet statutes and other measures are important, we would emphatically maintain that more than 22,000 Americans lost their lives last year in alcohol-related highway crashes. This is no time to diminish the concentration on drunk driving as a national problem of tragic proportions.

Today, in existing law, we have two programs developed since 1982, the NHTSA 408 and 410 programs. In Fiscal Year 1991, $15 million has been appropriated for Section 408 and $5 million for Section 410. $4 million in Fiscal Year 1990 funds remains available for Section 410.

In early drafts of its modifications to these programs, the Bush Administration suggested the consolidation of the 408 and 410 programs into one program. MADD thinks it was a suggestion well taken. We have learned a substantial amount since 1982 about what works and what does not in combating drunk driving. MADD believes

it is time to consolidate and streamline the two incentive grant programs in existing law in the interest of targeting our efforts on those countermeasures which have demonstrated the greatest ability to save lives.

MADD believes that not all countermeasures are equal. While many may be useful, some are of more immediate importance than others. That is why we suggest a continuation of a feature found in Section 408 and 410: the separation of countermeasures into two tiers, a set of criteria which would qualify a state for a basic grant and a set of supplemental criteria, which, once basic eligibility is achieved, would provide additional support for the adoption of additional countermeasures.

Mr. Chairman, MADD would urge you to adopt a program which includes the following basic criteria: administrative license revocation, a .08 BAC per se definition of intoxication, the use of sobriety checkpoints, mandatory 48 hours incarceration for a repeat offenders and self-sufficient STOP-DWI programs.

MADD activists across the country have been working in state capitols urging adoption of administrative license revocation, designed to deliver swift and certain punishment to drunk drivers and safer roads for all. In 1988, the Insurance Institute for Highway Safety found a 9% decrease in nighttime fatal crashes in those states which adopted administrative revocation. NHTSA in a separate study confirmed this decrease.

Administrative revocation is legally sound, it works and it saves lives. MADD has been working with a coalition of insurance and auto safety groups convened by the National Transportation Safety Board and NHTSA dedicated to making advances on administrative revocation across the country. We are encouraged by results to date.

The major new item which we hope you will put on your agenda is the adoption of .08 BAC as the per se definition of intoxication in every state. California, so often a bellwether state, has adopted .08. Three other states have also moved to .08 and we believe, on the basis of what we see around the country, that .08 is the next major advance to be made in combating drunk driving across the country. Congress has set the intoxication level for pilots and commercial truck drivers at .04. There is ample scientific evidence which shows that impairment occurs as low as .02 BAC and virtually all drivers are impaired at .08. It is clearly time to move to .08 nationwide.

Mr. Chairman, MADD strongly favors the inclusion of .08 among basic criteria employed in any new incentive grant program. However, to avoid making states ineligible for grants while they revamp their BAC level, we would suggest that states be given two years to adopt .08 during which time they would qualify for a basic grant provided they met the other basic criteria.

In the aftermath of the Supreme Court's finding in 1990 that sobriety checkpoints were a constitutional means of deterring and apprehending drunk drivers, MADD favors a major push to have this very effective countermeasure employed by the states. MADD also continues to support the development of self-sufficient programs at the state level which provide ongoing support for STOP-DWI efforts.

MADD would suggest continuing the practice of awarding a state 30% of its 402 allocation if it qualifies for a basic grant.

MADD has been listening, Mr. Chairman, to many state highway safety representatives who argue that federal programs are often too rigid and do not give enough credit for performance as opposed to the achievement of certain criteria devised in Washington. We think the states make a good point in this regard and are prepared to see performance rewarded. We would therefore suggest that any state which achieves a 5% average reduction in alcohol-related fatalities over the 5 year period prior to their application for an incentive grant be given credit for that performance and have one of the basic criteria waived. A state so charac erized would therefore have to meet only four basic criteria, not five.

Mr. Chairman, once a state is eligible for a basic grant, MADD believes that the state should continue to show progress in order to remain eligible. MADD therefore suggests additional supplemental criteria, namely, mandatory BAC testing in the case

of crashes which result in death or serious injury; prohibitions on open containers and the confiscation of license plates of those who drive under a revoked or suspended license. For each supplemental criterion adopted, MADD suggests that the state receive an additional 5% of its 402 allocation.

MADD suggests that a state could be eligible for a five-year period if it achieved basic eligibility and adopted at least two supplemental criteria during its period of eligibility. Basic eligibility alone should be for a maximum of three years. The intent here is to provide an incentive for states to maintain momentum.

Mr. Chairman, MADD would urge the committee to provide adequate funding for the effort to combat drunk driving which will send a signal to the states and the general public that, as a nation, we are serious about this effort. MADD would suggest a $25 million authorization for Fiscal Year 1992 for a consolidated 408 and 410 program rising to $50 million in Fiscal Year 1993 and $75 million in Fiscal Year 1994. The source of funding for this program should be the Highway Trust Fund; the money should remain available until expended.

In summary, Mr. Chairman, I would like to touch on the Administration's proposal and the use of highway funding sanctions versus incentive grants.

MADD enjoys excellent working relationships with the Department of Transportation. Secretary Skinner has been steadfastly accessible to MADD and supportive of our cause. I should add that President Bush has been equally supportive and has used the authority of the Presidency to advance the cause of saving lives on our highways.

We are, however, disappointed with the product offered by the Department of Transportation as regards modifications to existing federal law designed to combat drunk driving.

As noted earlier, we see no justification for lumping drunk driving in with a host of other highway safety initiatives. The concentration on drunk driving under existing law in a separate and focused program is warranted by the facts facing us on our nation's highways. Indeed a Gallup poll currently underway for MADD shows that the public considers drinking and driving a far greater highway safety problem than poor highways or highway construction. This is no time to let down our guard on drunk driving.

Secondly, we see no justification for holding alcohol safety incentive grants constant at $25 million per year, while construction-related grants grow steadily over five years. There are ample funds available for "safety" under the Federal Highway Administration program today. Why the Federal Highway Administration needs to encroach on the resources of the much smaller NHTSA program has not been adequately justified.

Mr. Chairman, we at MADD have often been asked why, if highway funding sanctions have worked so well in achieving a uniform minimum drinking age of 21, we have not employed this withholding tactic in areas such as administrative license revocation.

There are at least two differences between "21" and the countermeasures we have outlined today. One is that the adoption of 21 at the state level represented no particular financial burden to a state. That is not the case with administrative license revocation where there are initial startup costs. Secondly, and more importantly, the federal action on "21" occurred at a time when the states were simply not adopting 21; the momentum at the state level had halted. Today, we see progress at the state level on administrative revocation and .08 as well as other countermeasures.

Having said this, let me assure you that MADD as an advocacy organization has no philosophical aversion to highway funding sanctions. Whether to use funding sanctions or incentive grants is a tactical question; the goals are the same and the results are what we are interested in. Mr. Chairman, we look to you and other members of Congress to define the tactics to be employed in pursuit of saving lives, a goal long supported by MADD and this Committee.

It has been a pleasure to appear before you this morning and I would be pleased to answer any questions you might have.

Thank you.

**TESTIMONY**

**OF**

**LESTER P. LAMM**

**PRESIDENT**

**HIGHWAY USERS FEDERATION FOR SAFETY AND MOBILITY**

**TO THE**

**SURFACE TRANSPORTATION SUBCOMMITTEE**

**COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION**

**U.S. HOUSE OF REPRESENTATIVES**

**ON THE**

**AUTHORIZATION OF THE POST-INTERSTATE**

**SURFACE TRANSPORTATION PROGRAMS**

**APRIL 18, 1991**

1776 Massachusetts Avenue N.W. Washington D.C. 20036 (202) 857-1200

The Highway Users Federation is a national coalition of businesses, industries and associations working to improve the safety and efficiency of America's highway transportation system. Our membership consists of more than 400 companies and associations representing 27 industrial and commercial categories, 63 state and local highway user conferences, and 2,000 individual members. Our members, in turn, speak for more than 30 million commercial and private users of the nation's highway system.

The Federation's members comprise the largest group of users and suppliers of highway transportation services and products in America. By their highway usage, this group also represents the primary source of income for the Highway Trust Fund. In other words, our members are the principal payers of state and federal highway user taxes.

The February release of the Administration's reauthorization proposal culminated a very successful effort by the Department of Transportation (DOT) to survey the nation's transportation concerns and develop a long-term proposal which would address those concerns within the confines of the Federal budget and administration policies. The DOT proposal is a good package and the Federation fully supports the vast majority of the provisions and proposals it contains. We applaud the leadership provided by Secretary Skinner and the creative efforts of the DOT staff to draft such an agreeable package.

Of course, there are elements of the Administration proposal which we would hope to enhance or improve. We believe there are portions of the administration proposal which were tempered by political or budgetary considerations which were unduly restrictive. Therefore, we would like to briefly review the Federation's highway proposal and suggest certain areas where we feel additional attention is needed. The following table provides a brief comparison between HUF's reauthorization recommendations with the Administration proposal.

## Comparison of DOT Highway Reauthorization Proposal and HUF Position

| Administration Position (HR 1351) | Federation Position |
|---|---|
| 3 component program<br>National Highway System<br>Urban/Rural Program<br>Separate Bridge Program | 5 component program<br>Interstate program<br>National Arterial Program<br>Flexible metropolitan program<br>Flexible rural program<br>Separate Bridge program |
| Five year highway bill | HUF Supports |
| Complete authorized Interstate segments and substitute projects | HUF Supports |
| Interstate apportionments transferable to NHS projects | Interstate apportionments transferable only to states with remaining interstate mileage to complete |
| Maintain identity of Interstate system but fund through the NHS | Maintain specific identity and funding for Interstate system. Establish specific performance goals for NHS |
| Discretionary funding for high cost bridges, support for bridge management systems | HUF Supports |
| Continues Emergency Relief program | HUF Supports |
| National Highway System of 150,000 miles with an additional 15,000 miles in reserve at Secretary's discretion | National highway System limited to 4% of all public road mileage, approx. 200,000 miles |
| Flexible program allowing use of funds for roads or transit at option of state & local government | HUF Supports |
| Combined Urban/Rural program, applies to areas with population levels of 200,000 | Separate Urban program for areas over 50,000 population, specific Rural program for urban and rural areas of less than 50,000 population |
| Establishes National Truck Network on the NHS system | HUF Supports |
| Advance Right-of-Way access provisions | HUF Supports |
| Strengthen Highway Safety programs | HUF Supports |

Comparison of DOT Highway Reauthorization Proposal and HUF Position

| | |
|---|---|
| Focus on Highway Research & Development and IVHS, continue long-term pavement performance program | HUF Supports |
| Strong requirements and funding for coordinated planning by state and local governments | HUF Supports a larger program |
| Highway Tax Evasion demonstration project | HUF Supports |
| Scenic Byways eligible for NHS & Urban/Rural funds, special two year set-aside for scenic byways development | HUF Supports, but encourages a larger program for public lands and scenic highways |
| Required bridge, pavement, safety and congestion management programs | HUF Supports |
| Privatisation of Rest Areas | HUF Opposes |
| Ability to transfer revenues from Federally-aided toll facilities to other uses | HUF Opposes |
| Congestion Pricing Demonstration | HUF Opposes |

The Federation 9-point program proposal

The Federation proposal was developed to reflect the concerns expressed by the highway users and managers in 65 public forums. It looks to new approaches and technologies that address both today's problems and those we expect in the future. We would like to briefly review the program.

The Federation proposes a five-year reauthorization with average annual funding of $22.9 billion for federal-aid highways and transit through 1995. We believe these funding levels can be supported without an immediate increase in user taxes if Highway Trust Fund revenues are used for their intended purpose. This would include fully utilizing the new revenues accruing to the trust fund from the gas tax increase imposed by the 1990 budget agreement, and dedicating the final 2.5 cents of the fuel tax increase to highway uses in and after 1996. Most of our members will not support added highway user taxes as long as excessive balances exist in the Highway Trust Fund.

The budget agreement of 1990 has placed severe constraints on new outlays in FY's '92 and '93. We support these constraints and recognize that they must be considered in developing the funding figures, and yet, the nation's economy rests on an efficient surface transportation system! We strongly recommend that maximum possible funding be provided under the budget constraints in 1992 and 1993, increasing in FY's '94 and '95, and stepped up further in FY 1996. We note that the Congressional Budget Office (CBO) testified before the Senate last month that current trust fund revenues and the 1990 budget agreement permit over $5 billion in additional funding during the legislative period, and that the House Budget Committee has approved a budget resolution which would raise the highway spending for 1992 by more than $1 billion.

1. Protect the Interstate System

Over the past 35 years, the United States has invested more than $133 billion to create the Interstate Highway System. Interstate highways carry more than 22 percent of all travel, though they consist of about one percent of the nation's road system. Our members give highest priority to protecting this system.

The physical and operational condition of the Interstate System must be kept to the highest possible level through an ongoing program of restoration, rehabilitation, resurfacing and reconstruction.

The DOT package would combine the Interstate program into the National Highway System. We believe that the core Interstate program should retain a specific identity and we urge the committee to make sure that the condition of the Interstate System is not allowed to deteriorate. We see this as one of the highest continuing federal priorities, calling for average annual expenditures over the course of this legislation of $4 billion per year. If the Interstate 3R program is subsumed into a larger National Highway System, we would urge the Committee to provide sufficient safeguards written into the program to assure that Interstate System performance will not be compromised by other competing needs. Although we support state flexibility in project selection, we would not if it resulted in neglecting Interstate System needs.

2. Create a National Arterial System

Another three to four percent of the nation's highway system carries another 30 percent of vehicle travel. A program is needed to upgrade these priority routes with safer designs, controlled access and additional lanes where needed and bypasses and arterial roadways in growth areas.

In light of the DOT proposal to combine the Interstate and primary programs into a National Highway System, the Federation believes that the total system mileage should be closer to 200,000 miles than the DOT proposal for a 150,000 mile system (up to 165,000 at the Secretary's discretion). The two-year period provided in this bill for joint State-Federal selection of the system is a sound approach, but Congress should establish selection criteria and some overall mileage limitation.

The Federation urges the maximum use of new engineering techniques to make travel on this National Arterial System safer and more energy efficient, help to reduce traffic congestion and help to improve urban air quality. The Federation recommends an average annual federal-aid budget of $6 billion for this program, with a higher matching ratio to encourage beneficial use of access limits wherever feasible.

3. Restore Metropolitan Mobility

The Federation proposes a five-fold increase in the federal commitment to helping people "get around town" through a Metropolitan Mobility Program for areas with populations over 50,000. We support the Administration concept that this program allow local authorities greater flexibility to spend the funds on any surface transportation capital investment, highways or transit. We urge Congress to assure that all investments fit into a 10-year development plan developed locally and approved by the state. This is a new position for us: supporting highway user support for mass transit projects. Our only conditions are that the funds be distributed equitably and be available at state and local discretion for the full range of highway or transit capital use.

The Federation recommends average annual federal funding of $4 billion for these efforts from the Highway Trust Fund, coupled with $3 billion per year from general funds for high cost transit programs such as subway systems. The latter program should be distributed on a discretionary basis to effectively target these large projects.

4. Connect Rural America

Access to major highways is critical to millions of Americans living on farms and in small cities and towns. Although daily traffic mileage on these non-arterial roads is small, the total sum of rural road mileage is large. These roads, vital to the distribution of products from the nation's agricultural sector to consumers throughout the country, deserve to share in Federal highway user derived revenues.

Local governments cannot provide for our rural mobility needs alone; major assistance is needed to keep rural roads and bridges safe and serviceable. The administration proposal notes the importance of rural roads but provides too little, we believe, in specific funding. Rural concerns would be addressed through the Administration's Urban/Rural program at the state's discretion, a prospect which causes some rural interests concern since they would be competing for attention with the state's urban regions.

The Federation recommends the establishment of a Rural/Small City Program which does not compete with Urban programs, to support highway or public transportation improvements in rural areas and cities with populations below 50,000. The projects should be selected by state and local officials, following state-approved long-range improvement plans. Federal-aid funding for this program should average $2 billion annually.

It is our belief that a single, consolidated urban/rural program would lead to unhealthy competition for funds at the state level. We continue to strongly recommend two separate categories, with the overall division of the funds to be established by Congress.

5. Keep Bridges Safe

Bridges are vital to all our road systems and the members of this Subcommittee are very familiar with the vast number of America's bridges which are outmoded, obsolete and increasingly unsafe.

The Federation proposes a state-managed bridge program which would use federal-aid funds to ensure that all highway bridges receive proper inspection, maintenance and rehabilitation or replacement, regardless of what system they might be on. The DOT package would establish such a bridge management program. The Federation supports the Administration's proposal but recommends average funding levels of $2.5 billion per year.

6. Improve Traffic Safety

The United States has the lowest highway fatality rate for travel of any industrialized nation in the world: 2.2 deaths per 100 million miles of travel. The number of traffic fatalities, exceeding 45,500 in 1989, is still too high.

The administration proposal would provide greatly increased funding for roadway safety programs through set-asides from the NHS, Urban/Rural and bridge programs. Notwithstanding this very commendable concern for safety, the Federation believes highway safety efforts merit specific and explicit funding. The Federation proposes annual average funding of $945 million for projects selected through the safety management program to reduce accidents in the most cost-effective manner.

While the DOT proposal would significantly increase funding available for highway safety construction, it provides little or no growth in "soft safety" efforts such as safety belt and child safety system use, alcohol and drugged driving countermeasures, driver education, traffic law enforcement and the regulation of commercial vehicles. A bonus incentive safety program would be established to induce states to improve their efforts in these areas. We commend the DOT's effort to reward states for positive action rather than punishing them through highway funding sanctions, but feel that this portion of the proposal should be strengthened.

7. Research and Development

Research can provide major dividends in better highway operations and safety. We realize it is not possible in all cases to address traffic congestion through the addition of more lanes; traffic capacity must be increased by the use of new technologies which allow the road system to be used more efficiently and make it safer for all drivers.

The Federation recommends the establishment of a 10-year public/private development program to assure U.S. leadership in putting smart cars on smart roads, which will provide drivers with electronic aids to warn of hazards, give locations and provide destination headings in all weather and traffic conditions. The focus of this program should include the research and development of new technologies but also place as much emphasis on the implementation of current technology wherever possible.

The Administration package acknowledges the need for greater investment in research and development, including the use of Intelligent Vehicle Highway Systems. We differ with the DOT stance only on the level of funding. DOT proposed $50 million annually while we recommend an annual federal budget of $100 million per year for the smart car-smart road program, to be matched by the commitments of private industry in a 10 year program. We also support the proposed increase in overall FHWA research programs.

8. Develop Scenic and Public Lands Roads

Millions of acres of scenic and public lands should be opened to the American public and foreign visitors through the environmentally-sensitive development of recreational highways.

Tourism is a major source of income for many states and we recommend that the existing programs for the development of park, parkway, public land and scenic/recreational routes be closely coordinated with our suggested rural and arterial highway programs. The nation needs a coordinated program of scenic roadways to enhance tourism. Greater access to the nation's mineral, livestock and timber resources is also needed through the development of ecologically benign roads to remote areas. The Federation recommends $300 million in annual federal funding for the federal lands access efforts. The scenic roads program should be eligible for all regular federal-aid programs, and should be encouraged through a special grant program coordinated with public lands road development.

9. Assure Better Planning

The average annual $22.9 billion in total federal expenditures recommended under the Federation program demands more and better coordination of transportation and private development decisions to assure that both support community goals. This coordination process has failed too often in the past. It must be improved without eroding the rights of local citizens to decide their own development futures.

State and local planning should be strengthened by this proposal: Federal-aid transportation projects should have to conform to an established long-range plan meeting specific, locally-set development goals and priorities. The DOT package has strong requirements for coordinated planning between the states, local governments and metropolitan planning organizations. We fully support this focus in the DOT bill and urge that it be strengthened to require a 10-year plan. The Federation supports the Administration's funding levels.

Matching Ratios

While recommending higher expenditures to meet existing and future highway needs, the Federation is not suggesting a change in the historical proportions of federal, state and local funding; that is, roughly, 25 percent from the federal government, 50 percent from state governments, and 25 percent from local governments.

In recent years the actual Federal share of highway spending has been falling. We strongly urge the Subcommittee to provide matching ratios which restore the historic Federal proportion of highway spending.

We believe any proposals to increase federal highway user taxes should be deferred until the current excessive Trust Fund balances are drawn down, and the funds productively used for their intended purposes. State and local governments could use this five-year "window" to reexamine and adjust their user fees if necessary to fund their portion of an expanded program.

The Federation recommends a major simplification of the existing requirements for state matching funds on highway projects. We would establish a standard 25 percent state (or local) matching requirement with the following exceptions: limited access projects (15% state/85% federal), safety activities (100% federal), and safety construction projects (10% state/90% federal). Matching requirements in states with large federal land holdings should be reduced, as is the current practice.

The Federation recommends that funds continue to be apportioned to the states on the basis of simple and equitable formulas, and that states be guaranteed to receive no less than 90 percent of the funds their citizens contribute to the Highway Trust Fund.

Other Considerations

The Federation calls to the Subcommittee's attention a more detailed breakdown of our suggestions and recommendations regarding elements of the Administration package, contained in Attachment , following this statement.

We congratulate you, Mr. Chairman, and members of the Subcommittee, for your efforts to preserve transportation fees for transportation purposes in last year's budget debates. We urge you to continue your efforts to reclaim the fuel tax revenues diverted to the General Fund and we would be happy to assist your efforts in any way we can.

Transportation 2020

The Federation's highway program proposal has been based on information drawn from our participation in major consensus-building efforts -- Transportation 2020, the Advisory Committee on Highway Policy (ACHP), and the Transportation Alternatives Group (TAG). You will find our proposals fairly consistent with the positions developed in these and other efforts. The transportation community, while continuing to differ on specific program details, is more closely allied on the major federal priorities than have been seen in previous years. This should strengthen your support as you develop sound legislation before the October 1 deadline.

The Transportation 2020 process, led by the American Association of State Highway and Transportation Officials (AASHTO) and the Federation, sought citizen input to the surface transportation policies that the national economy will need in the year 2020. This effort consisted of a series of 65 public forums, conducted throughout the U.S. in 1987 and 1988, involving thousands of participants.

The Advisory Committee on Highway Policy (ACHP), a subgroup of Transportation 2020, including more than 100 organizations interested in transportation, was established to conduct the public forums, evaluate policy options, and build consensus on policy issues. Responses to a group survey in late 1989 (reported to the subcommittee last year in a document entitled "Is Consensus Possible?") indicates the success of this process.

The Federation also participated in the Transportation Advisory Group (TAG), a coalition of public and private interest groups which developed consensus policy recommendations for Congress' consideration in the reauthorization process.

The Need For Early, Effective Action on the Highway Bill

The nation is poised to move forward in protecting and enhancing our surface transportation system. We are very pleased to see the reauthorization process underway. But we also are concerned that other issues pending or already before Congress may delay or defer consideration and approval of the highway reauthorization.

We offer you the full cooperation and resources of the Highway Users Federation in the coming months. We are actively working to heighten the nation's awareness of highway needs at many levels, from individual drivers to the officers of corporate America.

The Federation has undertaken a public information campaign on the importance of the highway system to our membership. Our intent is for our members to use this information in informing their members and employees on the worth of good transportation systems and on our frequently overlooked reliance on safe and convenient highway travel.

We know that all Americans are all dependent on safe and reliable transportation for our health and welfare and a growing economy and we are trying to spread that message as far as possible.

Mr. Chairman, we appreciate this opportunity to review the Federation's highway program proposal with you and we would be pleased to answer any questions you might have.

Attachment 1 - Page 1

SPECIFIC HUF COMMENTS ON ADMINISTRATION HIGHWAY BILL

**Authorizations**

The Administration proposes $104.7 billion from the Highway Trust Fund for 5 years with obligation ceilings for highways totaling $86.27 billion and about $16.62 billion additionally authorized for transit from HTF.

Total HTF income including interest and all fuel tax in 1996 = $109.1 (CBO 3/5/91).

The Federation proposes a 5-year program level for highways, safety, transit and emergency relief of $109 billion from the Highway Trust Fund plus a general fund contribution to new transit starts of $15 billion -- see transit proposal later.

**Highway Tax Evasion Projects**

Federation commends

**Unobligated Balances**

Unobligated balances of Interstate 4R authorizations would be transferred to the National Highway Program.

HUF Opposes, transfers should be permitted only if the Secretary finds there are no deficient Interstate segments in the State.

**Interstate Completion**

The Federation oppose provisions (e) permitting transfer of Interstate Completion funds under any circumstances. Unused funds should be transferred to states with remaining completion costs to reduce total cost to complete.

New definition of construction omits many activities related to traffic operation and traffic safety which are desirable to retain. The Federation recommends that the current definition of "construction" be retained.

**(h) Highway Safety Improvements**

Definition should be modified to require that highway safety improvements be "selected and" designed to accomplish designated safety purposes.

**Section 102 National Highway Program**

**(a) The National Highway System defined**

The Federation recommends that the currently designated Interstate System be continued as a distinct system with separate funding to assure that high standards of physical and operational service is maintained. The Highway Users Federation does not believe that States should have the option to under-invest in this system under any circumstances.

The Federation recommends that the National Highway System be limited to 4% of the public road mileage of the United States and territories excluding Federal lands highways.

The Federation recommends that Congress establish specific goals and dates for bringing routes on the National Highway System up to desirable levels of safety and service.

**(d) Activities Eligible for Funding**
(11)(A) The Federation recommends that traffic management and control activities on the Interstate and National Highway Systems and adjacent arterials be eligible for Federal expenditure without time limit.

**(h) Beltways and Bypasses (and other related sections)**
The Federation recommends that all urbanized areas (over 50,000 population) be treated the same in this and other sections. The distinction at population 200,000 is artificial.

**Section 104 Urban and Rural Program**
**(a) Establishment**
To assure equitable treatment of all areas and to avoid urban/rural contention the Federation recommends that Congress establish and separately fund two programs: for urbanized areas and for rural areas and urban areas of under 50,000 population. Transfers of funds between these two programs should be prohibited except with the concurrence of affected local officials.

**(c) Eligible Projects**
We recommend that all projects in these programs be required to conform to locally adopted 10-year plans which are coordinated with land use and development plans of the community and can't be changed without state permission until substantially (75%) completed.

Urban plans should include system operation and transit components and, in areas of over 500,000 population, congestion management and pedestrian safety. Rural plans should include transit and scenic/recreational driving components.

We recommend that transit capital projects funded by these highway user funds be limited to upgrading existing rail or bus systems. New rail transit systems, because of their very high costs, should be funded by a discretionary rather than apportioned program, and the source of these funds should be the general treasury since the benefits are so broadly shared.

We recommend that the rural program be available for transit operating as well as capital costs and for roads of scenic and recreational value regardless of their functional classification.

**(d) Innovative Bonus Projects**
We believe that this is an unnecessary funding category since the activities described would be or could be made to be eligible for funding under the basic programs. If this program is authorized, the planning requirements recommended under (c) should be applied to assure the projects' long range effectiveness.

**Section 105 Toll Roads, Bridges, Tunnels and Ferries**
**(c) National Highway Program and Bridge Program Funds**
If tolls are to be applied to a new facility, or one which was constructed with Federal-aid funds, the provisions of 105(g) should apply except that tolls (at appropriate levels) can be continued for maintenance, operation and upgrading of that specific facility. Otherwise Federal funds should be repaid as provided under (h), below.

**(d) Urban and Rural Program and Territorial Highway Program**
See recommendations under (c).

**(h) Option of Continuing Tolls**
States should not be permitted to use Federal funds to create a toll facility and later divert the revenues generated therefrom to the benefit of other roads, facilities, and parts of the state. Should a state wish to continue tolls for such purposes, it should be required to repay with interest the Federal funds invested in the facility.

**Section 106 Bridge Program**
**(d) Eligible Activities**
We recommend that expenditures of Federal-aid funds on toll bridges or bridges on toll roads be governed by the provisions of Sec 105(g).

**Section 109 Federal Lands Highways Programs**
The Highway Users Federation recommends that Congress establish a grant program under this section to encourage and provide funding for the improvement of routes of particular scenic value on Federal lands and in other portions of the United States. Routes would be selected and designated jointly with state and local officials. Suggested language is attached. This provision would supersede proposed Section 118.

**Section 119 Congestion Pricing**
The Highway Users Federation does not believe that systems to control the use of public highways through arbitrary or punitive pricing schemes is currently feasible nor desirable. To the extent that research in and operational tests of various highway toll facilities are desirable, they can be undertaken under the research programs authorized in Section 115(b).

**Section 202 Apportionment**
The Highway Users Federation does not propose specific apportionment formulas. We believe that:
(1) Factors used should be verifiable from independent sources.
(2) The result should apportion funds in reasonable conformity with the highway use and highway improvement needs of each area.
(3) Each State should be assured that at least 90% of the funds contributed to the Highway Trust Fund from that State would be returned thereto, and
(4) No state should receive in each of the first five years an amount less than received in 1991, less funds for Interstate completion or substitution.

**(c)(1)(G) Transfer to Urban and Rural Program**
The Highway Users Federation does not support the transfer of funds from the National Highway (or Interstate) Systems to other programs unless the Secretary finds that physical and operational conditions on those systems are satisfactory for the traffic served.

**(f) Projects That Have Safety Benefits**
The Federation believes that this provision is too vague to accomplish its desired purpose, although we enthusiastically support a separate program for safety improvements. We recommend that Congress authorize and direct a specific program to inventory roadway safety needs, establish priorities and engage in a regular and continuous roadway safety improvement program on all systems. We recommend $500 million/year. Suggested language is attached.

**Section 204 Federal Share Payable**

The Federation recommends that Congress establish a system of matching ratios which approximates the current 80/20 overall ratio, as follows:

Interstate Completion -- 90%

Interstate 4R, National Highway System, Rural Program, Urban Program, Bridge Program, safety construction:

full access controlled projects -- 85%

non-access controlled projects -- 75%

other safety activities -- 100%

**Section 301 Management Systems; Traffic Monitoring System**

The Highway Users Federation fully supports these provisions.

**Section 306 Right-of-Way Agreements**

**(b) Commercial Use of Rest Areas**

The Federation does not support the proposal that commercial activities be franchises on public rights-of-way.

We believe that more study is required and that a pilot project should be evaluated before such broad legislative change is authorized.

**Policy Reports and Studies**

Congress frequently asks the Department of Transportation and others agencies to review and analyze certain policy issues prior to the consideration of amendatory language. This practice often clarifies an issue, leading to better legislation.

There are several policy issues which the Highway Users Federations believes should be reviewed for possible legislative changes. We recommend that authorizations for the following studies and reports be included in the highway reauthorization:

A. Evaluation of donor-donee status of states, to review the methods by which the departments of Treasury or Transportation calculate trust fund revenues from individual states.

B. Continue to call for biennial reports from the DOT on highway and bridge system condition and performance, more specifically tied to the impact on the U.S. economy.

C. Biennial estimates of state and local system needs, to update data developed for the Transportation 2020 project.

D. A thorough review of Federal procedural requirements, to see if some can be eliminated or deferred to comparable state requirements.

E. Review ways by which future user fees should be collected. The current package is a mixture of use and excise taxes, some of which may be less dependable due to technology changes or other external factors. The ideal would be to develop a collection method which is fair, equitable, enforceable and administratively easy.

F. Review ways in which Federal funds might participate in advance acquisition of rights-of-way needed for future facilities, to protect against unforeseen development.

G. Review how increases in the value of real or other property resulting from highway improvements might be used to offset highway development costs.

H. Review trends in population aging, and determine ways for the highway program to better respond to the particular needs of older Americans.

I. Review potential future technological advances, and investigate ways to modify the highway program to take advantage on new capabilities.

J. Require full policy oriented review of highway program performance by DOT every five years, together with suggestions for legislative modification.

K. Review ways by which technological or other new developments may change the way in which directional information is transmitted to drivers, and recommend alternatives to today's outdoor advertising control regulations.

**Section 121 -- Obligation Ceiling**

The Federation recommends that obligation ceilings be applied to Highway Trust Fund authorizations only through the period 1992-1995 to conform to the Omnibus Budget Reconciliation Act of 1990, but that thereafter the provisions of the Byrd Amendment be allowed to control and assure that the Highway Trust Fund remains solvent.

**TITLE II -- HIGHWAY SAFETY ACT OF 1991**

**Section 202 --Authorization of Appropriation**

The Federation supports the provisions of Title II but recommends the average annual funding of $945 million for projects selected through the safety management program.

The Federation also supports the recommendation of the Transportation Research Board (TRB) that a National Monitoring System be established within the DOT to collect truck accident and travel data from states and Federal agencies. According to TRB, existing data systems are inadequate for effective regulatory, enforcement and planning uses, and a centralized system within DOT could be very helpful in providing timely and accurate assessments of safety problems, progress and whether operational changes are having the desired effects.

**TITLE III -- MOTOR CARRIER ACT OF 1991**

The Federation supports the proposals under this Title.

**TITLE IV -- FEDERAL MASS TRANSIT ACT OF 1991**

The Federation supports an integration of local planning and decision making on highway and mass transit spending and the use of income from highway user fees in combination with transit user fees (fares) and broad based taxes to support highway related transit capital (and in some cases, operating) expenses. We believe that major, heavy rail transit projects should receive Federal support, but that the benefits of these investments are so broadly spread within the community that they should be supported by broad-based taxes.

The Federation believes that programs supported by taxes on highway users should not be prohibited from use on road projects that benefit highway users, and, would therefore support greater flexibility in both directions between highway and transit program funds.

**TITLE V – HIGHWAY REVENUE ACT OF 1991**

The Federation recommends that the Highway Trust Fund be made permanent along with the tax revenues presently transferred to it. We further recommend that the Byrd Amendment be allowed to operate in the future as the most effective control assuring solvency of the Highway Trust Fund after 1995.

The Federation recommends that the increases in fuel taxes enacted in 1990 be continued permanently and that the proceeds be transferred to the Highway Trust Fund for highway purposes.

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Testimony of

**AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION**

*Presented By*
J. C. Lanford, Chairman

Before
Subcommittee on Surface Transportation
Committee on Public Works and Transportation
U.S. House of Representatives

April 18, 1991

501 School Street, S.W., Eighth Floor, Washington, D.C. 20024-2713 • (202) 488-2722 • FAX (202) 488-3631

Testimony Of

**AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION**

The American Road and Transportation Builders Association (ARTBA), with 3,500 members nationwide, appreciates this opportunity to present its views on the reauthorization of surface transportation programs to the subcommittee.

Our first comment must be one of commendation for the leadership of the Committee on Public Works and Transportation. Chairman Roe of the full Committee and Chairman Mineta of the Subcommittee on Surface Transportation have in recent weeks called for an increase of five cents-per-gallon in the federal motor fuels tax and its expenditure on vitally needed transportation programs.

Together with Speaker Thomas S. Foley, members of this Committee have exhibited the courage to seek the additional funding needed for federal activities to reverse the pattern of recent years and make a major commitment to enhancing our national transportation infrastructure.

ARTBA endorses your actions and offers its support to gain enactment this year of additional fuel taxes dedicated to transportation.

For the past two years, we have actively advocated an increase in federal highway user fees to finance a $40 billion annual federal/state highway program. At this point, a 10 cents-per-gallon increase in the federal motor fuel excise tax appears necessary to reach that goal. Again, we commend and encourage members of this Committee who have taken the important first step in the direction of substantially increased highway funding.

ARTBA has a long history of support for aggressive efforts to develop and maintain the national highway system, our country's most important transportation network and the backbone of its commerce.

Our organization was formed in 1902 as the American Road Makers, an offshoot of the League of American Wheelmen. In separating from a group devoted to the bicycle, ARTBA established itself as a forward-looking body. ARTBA was present at the birth of the automobile age and saw that vastly better roads would be needed if the internal combustion engine was to power the economic growth and personal mobility that has characterized the United States in the 20th Century.

As we approach the 21st Century, our nation is again -- literally -- at a transportation crossroads. For several years, many of us have anticipated arrival at this point. The Interstate Highway System, often called the largest public works project in history, has been the principal focus of highway development for the past 35 years.

Today, new construction on the original Interstate System plan is virtually complete. Now, we must assess what we have accomplished. We must examine the role of an efficient national highway system in contemporary society and the U.S. economy. We must make our best evaluation of the mobility needs of America in the years ahead. Then we must join together to fashion a surface transportation program that will meet the multiple demands of our country for the foreseeable future.

Thus, the Surface Transportation Assistance Act of 1991 assumes an importance beyond that of transportation legislation of the recent past.

While completion of initial construction of the Interstate System is indeed a milestone, it does not signal that we can end, or even cut back, the federal highway program. The Interstate System was the major preoccupation for the past generation, but there was a highway program for many years before 1956. The present program, in fact, is carried out under the basic law, though much modified, that was enacted in 1916.

The focus today may be different, reflecting changing conditions and needs, but a vigorous federal highway program is still essential.

The Bush Administration has submitted legislation to implement its vision of the future. It is a comprehensive blueprint containing many worthwhile suggestions. It also contains some proposals we cannot endorse.

Members of Congress and many organizations, including ARTBA, have their own plans. All will contribute to the evolution of a new surface transportation act.

Nearly two years ago, ARTBA first adopted its legislative recommendations for the federal highway program reauthorization in 1991. Following Congressional enactment of the comprehensive deficit reduction package last fall, we reviewed our program and concluded that our fundamental objectives remain sound.

The ARTBA plan addresses the full range of highway issues, but there are a few basic features that any reauthorization bill must contain if it is to properly and adequately address our nation's transportation needs:

- Enactment prior to September 30, 1991. We cannot afford to break the continuity of the highway program. This would result in project delays,

uncertainty within state transportation departments and economic hardship on the thousands of small businesses that comprise the transportation construction industry.

A reauthorization period of five years. Some consideration has been given to a two-year bill so that a longer authorization could be developed after the initial impact of the budget agreement is better known. ARTBA believes a far better approach is to lock-in the parameters of the program now for the next five years.

Dedication to the Highway Trust Fund of the 2.5 cents-per-gallon federal fuel tax that now goes into the general treasury. Such action would restore the concept that the gasoline and diesel excises are user charges applied only to transportation programs. Equally important, this action would increase the funds available for highway improvements.

Make the entire five cents-per-gallon motor fuels tax increase approved in 1990 permanent and proceeds available for immediate obligation.

Authorize spending of the current balances in the Highway Trust Fund and concurrently raise the federal highway user fees effective in fiscal year 1992 to the level necessary -- equivalent to about 10 cents-per-gallon -- to meet the highway capital needs on the federal-aid system that has been identified by the U.S. Department of Transportation.

It is no accident our proposals deal almost exclusively with funding. Structural and operational refinements can be made to the highway program, but unless there is a substantial commitment of additional funds, our highways and bridges will continue to deteriorate at the expense of improved mobility, economic expansion, job creation, safety and pollution reduction.

The highway transportation system can no longer be viewed as performing a single function -- moving people and goods from one place to another. This basic transportation network must be developed and managed with broader objectives in mind: economic strength, environmental enhancement, improved public health and energy efficiency being the most important.

ARTBA's legislative recommendations would move the program toward these goals. They are based on the 1989 findings of the Department of Transportation that an annual Federal-aid Highway program of $40 billion is needed to meet the "full constrained needs" of the national highway network.

Lest there be confusion, the term "full constrained needs" does not imply a "gold-plated" highway system with no problems. It simply means meeting most of the existing and anticipated deficiencies through the year 2005. It means bringing the entire system up to "minimum condition engineering standards," according to the DOT report.

The national highway system is so crucial to the future social and economic well-being of the nation that ARTBA strongly urges the Congress to move the federal-aid program toward the $40 billion annual level. At the same time, Federal highway user fees -- primarily the gasoline and diesel tax -- should be increased by 10 cents-per-gallon to support the expanded program.

If $40 billion a year sounds frightening, then consider that DOT also concluded that a federal highway program of $26 billion yearly is required just to maintain 1985 standards. That is about $10 billion more than this year's investment. In 1988, almost a third of the bridges on the Federal-aid system were classified as "structurally deficient" of "functionally obsolete." More than 40 percent of the pavement on the system was in imminent need of repair.

ARTBA finds itself in the unique position of being one of the few organizations -- perhaps the only one -- advocating a tax increase in this year of fiscal austerity. But we are convinced that a modern highway system is absolutely essential to the future social and economic well-being of the United States and that Americans will support a gas tax increase so long as they know it will be dedicated solely to transportation improvements.

In March of this year ARTBA commissioned a national opinion poll to test public sentiment in the aftermath of the federal fuels tax increase imposed last December. The survey was conducted by Penn & Schoen Associates. The results confirm that most Americans -- 81 percent -- remain adamantly opposed to using federal motor fuel taxes for non-transportation purposes.

The survey also demonstrates that Americans perceive a strong link between the condition of our highways and bridges and the nation's economic health. Fifty-three percent feel the future economic well-being of the nation is threatened by traffic congestion and poorly maintained roads, highways and bridges.

Despite the recent federal fuel tax hike, about half of those surveyed said they would support another increase this year if it were dedicated to transportation improvements. Sixty-nine percent of those who would support a gas tax increase endorse a five cents-per-gallon boost in the federal tax, while 60 percent looked with favor on a 10-cent increase.

The Penn & Schoen survey also reflected the concern of Americans over highway safety. When asked "What could be done to our nation's highways to make you feel safer as a motorist?", 23 percent said "fix the roads and bridges." Another nine percent indicated specific construction-related

improvements like "better road signs" (five percent), "better lighting" (two percent) and "improved lanes and shoulders" (two percent).

Recent evaluations of the importance of transportation to the economy have focused on the return that could be possible from additional investment in the national highway network. One of the first of these was a study commissioned by ARTBA, conducted last year by Dr. Richard Mudge, former chief of the Congressional Budget Office's Public Investment Unit, and Dr. David A. Aschauer, then a senior economist for the Federal Reserve Bank of Chicago.

Mudge and Aschauer predict that an additional -- and sustained -- $25 billion annual investment in the federal highway program would lead to a $250 annual increase in productivity for each American worker within the program's first five years. Within 20 years, it would cause a $3,200 increase in annual output per worker.

By 2012, Aschauer and Mudge believe, these productivity gains for American business would generate an additional $29 billion per year in corporate profit and $35 billion per year in private investment.

Closely related is the job-creation impact of a larger commitment to transportation infrastructure. Traditionally, correlations between public works spending and jobs concentrated on direct, on-the-job employment.

Last winter ARTBA decided to examine the broader implications of an increased highway improvement program. We asked Apogee Research Inc., of Bethesda, Maryland, to project the job-creation results of a long-term commitment to greater transportation investments.

The results were startling.

The Apogee study shows that an additional $25 billion per year in federal highway and bridge capital spending would generate 943,000 new American jobs during the program's peak year. Within 24 months, the expanded program would produce nearly 450,000 jobs throughout the economy.

More than 25,000 new jobs, the study says, would be created in 12 states: California, Texas, Florida, New York, Ohio, Pennsylvania, Illinois, Michigan, Georgia, New Jersey, North Carolina and Virginia.

These are not short-term, "make-work" jobs. The backlog of highway and bridge needs is such that it will take many years to rebuild and improve the national transportation system.

Nor are these exclusively jobs in the construction industry. The demonstrated ripple effect of improved transportation would be felt everywhere, with increased employment in such fields as real estate, food manufacturing and sales, clothing, hotels and banking.

Substantially increased highway investment would also help the nation meet energy and air quality goals.

Revision of the federal Clean Air Act last year brought new attention to the environmental situation in major cities. Most of them have air pollution levels far above those acceptable for good health. Serious efforts are required to lower them.

Traffic congestion contributes to poor air quality in many urban areas. Congestion also is a drag on the economy costing huge sums annually. It is

estimated that 1.4 billion hours and 1.5 billion gallons of gasoline are wasted every year because of congestion on urban limited-access highways.

A substantial fuel tax increase dedicated to highway and bridge improvements would greatly contribute to reducing this problem. The resulting higher cost of fuel could depress consumption. The net effect is greater income to the Highway Trust Fund to finance needed roadway improvements and capacity expansion to ease congestion.

Continued low-cost fuel and a stagnant highway program are not the answer to urban congestion and air pollution problems. To the extent that public transportation is part of the solution, it must be remembered that the great majority of transit systems in the United States operate over roads and streets. Buses forced to compete with other vehicles in traffic jams will not lure many people from their cars.

## Background of Legislation

To develop or comment on any legislative proposal, we first must look at the existing situation.

Cumulative federal spending on transportation seems impressive. The Interstate System alone will have cost about $130 billion when it is completed. But gross figures can be misleading.

For some years, spending on public infrastructure has not kept pace with growing needs. That's true of water and sewer systems and airports, just as it is of highways and mass transit.

In the 1960s, public investments in transportation began a relative decline. At that time total public spending for roads and bridges was 1.4 percent of the Gross National Product. Today it is .5 percent.

Inflation has also been a hidden factor. In 1959, the federal gas excise -- the primary source of federal highway funding -- was four cents-per-gallon. If, to maintain its construction purchasing power, that excise had been indexed to keep pace with inflation as measured by the Consumer Price Index, the excise would be 20.3 cents-per-gallon in 1991. However, only 10.25 cents-per-gallon of the federal fuel tax is now available for highway and bridge improvements. (An additional 1.25 cents-per-gallon is used for federal mass transit funding; 2.5 cents-per-gallon has been diverted to deficit reduction.)

Assuming a moderate future inflation rate of just four percent-per-year, the federal motor fuels user fee would have to increase to 29 cents-per-gallon by 2000 just to maintain its 1959 purchasing power.

In addition to inflation, government actions to achieve a variety of national goals have affected funding for the highway program. The partial tax exemption for gasohol (5.4 cents-per-gallon), for instance, currently reduces Highway Trust Fund revenues by an estimated $500 million or more per year.

Fuel efficiency standards, first required in 1978, have resulted in some revenue losses to the Trust Fund. Tightening of the requirements, as now under consideration, would result in further reduction of Trust Fund revenues through greater economy in general and a potential move to alternate fuels which are not now taxed. ARTBA has examined the potential effect on Trust Fund revenues of more stringent fuel economy standards. Our preliminary findings suggest that the lower levels of fuel consumption they would produce would significantly reduce Trust Fund income.

Requirements of the Clean Air Act as amended last year are likely to generate extensive use of non-traditional fuels. Other environmental and energy conservation initiatives, many with laudable objectives, could in the near future result in motor vehicles powered by such fuels as electricity and natural gas. An unintended consequence almost surely would be reduced income for the Highway Trust Fund at a time when additional funding is needed.

This is an issue which the Congress must examine. Maintenance of a healthy federal transportation program depends on a stable source of funding. The Trust Fund has provided an assured revenue source in the past. The tax structure that supports it, however, should be carefully reviewed for possible revisions that will maintain the viability of the Trust Fund in the future.

ARTBA strongly recommends that the Congress, through the reauthorization legislation, direct that a study be made of the effect on the Highway Trust Fund of expected changes in both the quantity and types of motor fuels that will be used in the future. The study also should recommend ways of taxing these fuels so as to provide adequate sources for transportation programs.

Changing demographics also have contributed to the continuing need for a vigorous federal highway program.

As the nation's population grew, so did the number of motor vehicles. And the population shifted increasingly to the suburbs and to the Sun Belt, creating new demand for roads and streets.

Motor vehicle use shot up dramatically. The number of licensed drivers increased from 80 million to 163 million between 1960 and 1988. The number of

vehicles grew from 75 million to 183 million during the same period. And annual vehicle miles traveled nearly tripled.

While demands on roads increased, investment by the federal government actually declined. The congressional Office of Technology Assessment reported last year that, in terms of constant dollars, federal highway expenditures remained virtually static between 1980 and 1988.

In its 1989 report, the Department of Transportation said that 40 percent of the pavement on the Interstate System was below minimum standards and that nearly a third of the Interstate bridges are "structurally deficient" or "functionally obsolete." On all federal highways, 238,000 highway bridges -- 40 percent of the national total -- are similarly classified.

Clearly, highway needs are great. This year's surface transportation bill is the place to get the job started.

Secretary of Transportation Samuel Skinner and the Federal Highway Administrator, Dr. Thomas Larson, have devoted considerable thought, time and energy to developing the Administration's legislative proposal for highway and mass transit programs. The bill they have submitted is a serious effort to reshape highway and transit programs to respond to the challenges of the late 20th Century and beyond.

Unlike other years, the Administration bill was not declared "dead on arrival" on Capitol Hill. Indeed, the bill appears likely to be the starting point for Congressional actions.

ARTBA prepared an extensive analysis of the Administration proposals. It has been distributed to all members of Congress as well as to governors and others involved in transportation activities.

There are several features of the Administration bill with which ARTBA agrees. As previously observed, we strongly endorse the multi-year approach to reauthorization. The concept of a newly-defined National Highway System has considerable merit, although we have some thoughts on how it can be improved. We support the idea of encouraging public/private ventures in transportation development.

We also agree that the new revenues made available to the Highway Trust Fund last year should be spent, although we believe the spending should start immediately, not several years from now.

## The Administration Bill

The following is our view of the main features of the Administration bill.

Funding levels--As stated earlier, ARTBA believes a substantially larger highway program is needed. We take issue with the characterization of the Administration proposal as providing a 39 percent funding increase over five years. Our analysis, confirmed by the Congressional Budget Office, reveals that when adjusted for inflation, spending levels recommended by the Administration essentially show no increase.

More important than the rate of increase, however, is the amount actually invested in the highway system. The Administration proposes reaching an annual program level of $20.3 billion, but not until 1996. That figure is even inadequate for 1992 if we are serious about realistically addressing highway needs.

Furthermore, under the Administration plan, the balance in the Highway Account of the Highway Trust Fund will continue to grow. By the end of Fiscal Year 1996, it will be nearly $15 billion.

ARTBA recognizes the constraints on spending imposed by last year's reconciliation act, especially during fiscal years 1991-93. We believe, though, that even under these restrictions, a larger program than that proposed by the Administration can be supported.

The gap between needs and program level can be closed even further with the enactment of additional revenue for the trust fund. Higher user fees should be approved this year and be effective in fiscal year 1992. This would be compatible with the 1990 Reconciliation Act's pay-as-you-go provisions.

Meanwhile, the full five cents-per-gallon tax increase adopted in 1990 should be deposited in the trust fund and made immediately available for obligation for transportation purposes.

National Highway System--ARTBA agrees that this is the right time to restructure highway networks. A realignment is necessary to accommodate demographic and other changes that have taken place since construction of the Interstate System was initiated in 1956.

We are concerned, though, that the proposed 150,000-mile system is too small. If the National Highway System (NHS) is to be the system of prime national interest, it should be more comprehensive.

As proposed, the NHS would consist of 150,000 miles, of which 44,000 would be the Interstate System and the remainder taken from the present Primary System. Only about 40 percent of the Primary System (now 259,000 miles) would

be incorporated into what is seen as the main national and inter-regional roadway network.

And there are some practical problems. States with small populations and large areas could find themselves with an excess of funds for their relatively small segments of the NHS and a shortage for other roads.

Urban/Rural Program--The proposed Urban/Rural Program would combine the existing Secondary and Urban Systems with that portion of the Primary System not included in the NHS.

Our major concern with this approach is the proposed flexibility that is intended to allow states to meet their most pressing needs, regardless of where they are located and whether they are highway or transit related. There is a strong likelihood that the challenge of relieving urban congestion would draw most of this program's funds. Rural areas and small communities would be relegated to the category of second-class citizens without federal assistance to meet their needs.

ARTBA strongly recommends retention of separate Urban and Secondary Systems.

Bridge Program--The Department of Transportation estimates it would cost more than $50 billion to bring deficient bridges on the federal highway system up to standard.

The modest funding level proposed in the Administration bill is wholly inadequate to meet this crucial problem. The 1991 authorization for the bridge program is $1.63 billion. The bill recommends $1.82 billion for next year, an

almost insignificant increase in terms of the cost of bridge replacement and repair.

In the last two years of the Administration's bill, bridge funding is increased somewhat, but still too little and too late.

Matching Ratios--The drastic reduction proposed in the federal share for most activities would all but guarantee unintended results.

Of great concern is the financial burden imposed on states, many of which already are facing substantial budget shortfalls. Although a reduced federal share is intended to produce a larger overall program, the opposite could result if states were unable to match federal funds.

Some states, in fact, already are questioning whether more federal dollars are worth what it will cost them as matching ratios are changed. A Senator from one hard-pressed state calculated that while his state will get $2 million more in federal funds next year under the Administration plan, it must come up with $12 million additional matching of its own to qualify.

Another state -- one with a small tax base -- estimates that it will have to more than double its own outlay if the matching ratios are changed.

The different federal shares proposed could induce states to locate projects where the cost to them is least rather than where the need is greatest. For instance, Interstate 3-R activities, at 90 percent federal money, could be favored over other work on the NHS where the federal share is only 70 percent, even though the need may be greater.

In addition, projects on the other systems where the federal share is even lower also could find themselves well down on the priority list.

ARTBA believes these potential problems would be alleviated if the federal share for National Highway System and the bridge program is set at 90 percent; and the retained secondary and urban programs at 75 percent.

Public/private ventures--The Administration is on the right track in advocating a greater private participation in transportation development. We have, in fact, provided significant national leadership by establishing a new division in our organization to encourage and facilitate public/private ventures in transportation. We have also sponsored several successful national conferences and educational forums to further develop this emerging field.

Highway Safety--The Administration's proposal to require 10 percent of apportioned highway dollars for the NHS and the Urban/Rural Program to be generally committed to safety is an excellent concept. However, the two existing safety construction categories -- Hazard Elimination and and Rail-Grade Crossings -- should be specifically retained.

Mass Transit--Just as we advocate spending the balances in the highway account of the Highway Trust Fund, ARTBA believes the balances in the Mass Transit account must be utilized. We also believe an increased level of federal funding for mass transit capital improvements is needed. We oppose a reduction in the federal share for transit. We support the continued use of both Trust Fund and General Fund resources for mass transit activities, with Trust Fund resources used only for capital improvements.

The ARTBA Highway Program

ARTBA's own legislative agenda consists of recommendations in all of the major areas relating to the Federal-aid Highway Program.

Funding--As stated earlier, we believe adequate financing is the key to meeting the capital needs on the Federal-aid system.

A $40 billion per year federal-state program should be initiated to address needs identified by the Department of Transportation in its 1989 report to the Congress.

To establish and maintain a program of that magnitude, the Congress should (1) Authorize the obligation of balances in the Highway Trust Fund; (2) Approve additional revenues for the Trust Fund through a 10 cents-per-gallon increase in the federal fuels tax; (3) Remove the Trust Fund from the unified budget to preclude future impoundments; (4) Prohibit the imposition of artificial spending ceilings on the highway program; (5) Assign that portion of the federal fuels tax now credited to the general fund to the Highway Trust Fund; (6) End the 5.4 cents-per-gallon exemption from the fuels tax for gasohol; and (7) Make the Highway Trust Fund permanent.

These actions would generate the resources required to establish and maintain the highway program needed for America to occupy a position of strength in the new global economy.

ARTBA recommends the allocation of its proposed $40 billion annual program as follows:

**ARTBA Recommendations**

**Federal Highway Program Annual Funding**

**(Per Fiscal Year)**

| | |
|---|---|
| Interstate Construction | $ 1.0 Billion |
| Highway System of National Significance | $13.0 Billion |
| Bridge Rehabilitation & Replacement | $ 5.0 Billion |
| Metropolitan Area Assistance Program | $ 4.5 Billion |
| New Transportation Corridors | $ 3.5 Billion |
| Secondary/Rural System | $ 5.0 Billion |
| Highway Safety | $ 2.0 Billion |
| Federal Highway Research Programs | $ 2.0 Billion |
| Minimum Allocation Program | $ 2.0 Billion |
| Federal Lands Program | $ 1.5 Billion |
| Emergency Relief | $ 0.5 Billion |
| TOTAL | $40.0 Billion |

Program Categories--As discussed earlier, ARTBA endorses a realignment of highway categories and the assigning of most of those roads of paramount national and regional importance to the National Highway System. This nationwide network can be expected to carry a proportion of traffic far beyond its size. It must be supported, therefore, by sufficient funds. A federal share of 90 percent is necessary for the NHS to assure that the system is properly developed and maintained.

The same matching share should be available for protecting and enhancing the massive investments of the past through repair, resurfacing, renovation and reconstruction.

The existing Urban and Secondary categories should be retained and supplemented with that part of the Primary System not assigned to the NHS. Separate categories will assure attention to the needs of both urban and rural areas. A federal share of 75 percent for these categories will provide the necessary level of support. A degree of flexibility also should be incorporated in the urban and secondary programs so that state and local officials can allocate resources to meet urgent demands.

ARTBA would rename the Urban Program the "Metropolitan Transportation Assistance Program" in recognition of the need to look at a more comprehensive approach to meeting urban transportation problems. We recommend a funding level of $4.5 billion per year to help achieve the goal of reducing urban congestion.

In addition to maintaining our investment in the current highway system, attention should be given to problems faced by rapidly growing areas. Those communities which are not currently served by Interstate-quality highways but have experienced rapid economic development demand better highway access. ARTBA proposes to use the program increases recommended to fund a program of highway upgrading to better serve these communities.

Since the federal bridge program was established 20 years ago, it has never received adequate financial support to carry out the massive task of upgrading and replacing the national inventory of deficient bridges. ARTBA strongly believes new emphasis must be given to the bridge program by a large infusion of money provided at a 90 percent federal share. An annual allotment of $5 billion would not be excessive for this crucial activity.

Highway Safety--Over half of all accidental deaths in this country are transportation related. More than 45,000 fatalities occur annually on our nation's highways. Almost five million injuries occur each year as a result of motor vehicle accidents and nearly two million of these require extended periods of hospitalization.

Highway safety is a matter of paramount concern to both this committee and to ARTBA.

The number of facilities per vehicle mile driven has been steadily declining since 1980. We believe much of this reduction can be attributed to programs initiated by this committee. For example, the 1990 "Report of the Secretary (DOT) to the U.S. Congress" on highway safety states that the Hazard Elimination Program has prevented over 18,000 deaths and a half-million injuries in the past 16 years.

This report goes on to state that, "the Rail-Highway Crossings program continues to show the greatest percentage of accident rate reductions" with the prevention of over 6,000 fatalities and 25,000 injuries over the past 16 years.

ARTBA supports the continuation of categorical funding for all safety construction programs such as the Hazard Elimination and Rail-Highway Grade Crossing programs. The trend is toward fewer fatalities per vehicle mile driven. These programs have proven their value and should not be terminated.

Now is not the time to retreat from an aggressive effort to improve highway safety. A safe highway accommodates all drivers and common sense tells us that a safe highway is more forgiving to the older driver. Our nation's population is aging and we must plan now for the highway safety needs of the older driver.

Further, ARTBA supports an increase in overall federal highway safety funding to $2 billion a year.

We recommend and encourage each state to develop and implement a program that will lead to the systematic upgrading and maintenance of all traffic safety devices, including pavement marking, signing, impact attenuators and guide rails.

We support increased funding for the training, education and certification of all personnel responsible for traffic control and safety in highway construction and maintenance work zones.

ARTBA recommends that products and services that enhance safety and improve traffic operations be included in criteria for all federal programs with particular emphasis on the "3-R" and "4-R" programs.

We support the continuation and increased funding of the FHWA and NHTSA 402 safety programs.

Finally, we strongly recommend that that the Congress prohibit the further transfer of safety funding to non-safety programs.

Public/Private Ventures--ARTBA recognizes the need for private sector involvement in the development and management of the nation's transportation infrastructure. This need is especially critical when transportation projects are unable to go forward because federal and/or state funding is not available.

While we believe that federal and state funding is the preferred method of financing transportation construction projects, the public interest can be

served through public/private ventures when adequate public funds are not available.

ARTBA recommends that:

1. When public/private venture projects involve new and/or existing toll roads, tunnels, ferries and bridges on the Federal-aid System, states should be authorized to contract with private firms to finance, design, construct and/or operate them.

2. When and to the extent that public funding is involved, public/private projects should be constructed in cooperation with federal and state transportation agencies and in accordance with all relevant laws, including the open competitive bidding process for construction contracting to ensure the maximum level of participation by local transportation-related firms.

3. Federal funds of up to 35 percent of the cost may be provided for building and/or renovating highways, tunnels, ferries and bridges through a public/private venture.

4. When feasible, private transportation facilities should be allowed to share federally-financed rights-of-way and air space at no cost.

5. Private entities involved in transportation-related public/private ventures should be provided access to the tax-exempt bond market and accelerated depreciation.

Disadvantaged Business Enterprise Program--ARTBA supports a federal initiative for a program of assistance, but believes the current Disadvantaged Business Enterprise (DBE) Program should be revised to ensure that it is aiding

firms that are truly in need of assistance. A meaningful DBE program should adequately address management training, technical assistance, bonding and graduation requirements, among others.

In addition to properly certifying disadvantaged firms, ARTBA believes the program should determine if participating firms have the capability to carry out the work they certify they can perform. By determining the capability of eligible firms, an effective DBE participation level can be established.

ARTBA supports the language in the Administration bill that would continue a single-goal program.

Standard Contract Clauses--Standard contract clauses pertaining to site conditions, suspensions of work and material changes for Federal-aid highway projects were mandated for such projects in the 1987 highway act.

Inadvertantly, the standard clauses were not mandated for Federal-aid "certification acceptance" projects. This oversight has created a hardship for transportation contractors in several states.

ARTBA believes the law should be amended to permit the use of the standard clauses on certification acceptance projects, and we strongly oppose the Administration's proposal to repeal the standard contract clauses.

Prejudgement Interest--During the course of many construction contracts, claims are often submitted which in effect would amend a contract. From the time a claim is submitted, to the time it is resolved in favor of the contractor, the contractor now must incur the expense of financing any money due on the claim.

ARTBA believes legislation should be enacted to ensure that contractors on federally-funded transportation contracts receive compensation for carrying the cost associated with financing a claim. The compensation may be calculated in a manner akin to interest, at the prime rate or any higher rate. It should further be statutorily recognized that the contractor incurs the expense of financing beginning on the date the contractor should have been paid under the payment provisions of the contract.

Truck Weights--ARTBA's focus on truck weights deals with specialty hauling vehicles (SHVs). SHVs are single or combination dump trucks and ready-mix concrete trucks which have short wheelbases and approach maximum allowable federal weights when empty. This is attributable to the structural design necessary to move the heavy materials carried and to the specialized equipment necessary for safe operation of these vehicles. Because of these functionally-necessary characteristics, SHVs often cannot meet federal truck weight standards, particularly the current bridge formula, without sacrificing safety and/or productivity.

In recognition of this problem, Section 158 of STURAA of 1987 directed the Transportation Research Board to conduct a study and recommend appropriate treatment for SHVs. The TRB Truck Weight Study Committee found the current federal bridge formula "to be unnecessarily restrictive when applied to shorter vehicles on Interstate highways. Accordingly, some relief, either in the form of liberalization of the formula or a special permit program that would allow SHVs to exceed the formula, would be appropriate for vehicles that have difficulty operating under the current formula."

The TRB committee recommended that the current bridge formula be replaced with the TTI-HS20 bridge formula. ARTBA has long supported this formula and urges that it be adopted. ARTBA also supports a special permit program for

SHVs which would permit them to exceed federal axle weight limitations and be exempt from bridge formula requirements when operating on the Interstate System, as long as they do not exceed 80,000 pounds.

Finally, with regard to truck weights, ARTBA fully supports the continuation of grandfather rights for states under the current law. Removing grandfather rights would create severe economic impacts on the transportation construction industry due to reduced productivity and safety.

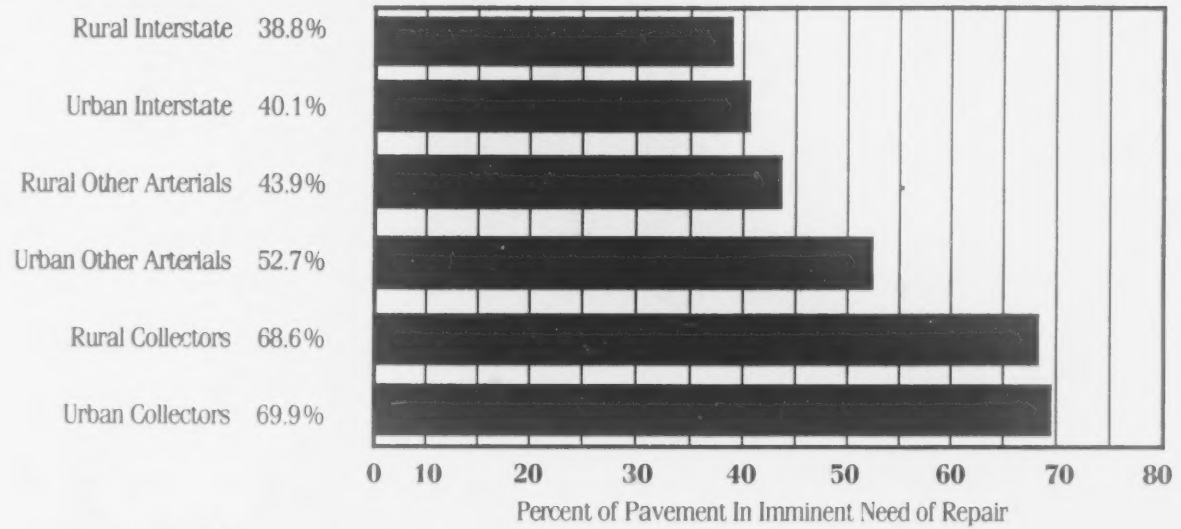
ARTBA again thanks the Subcommittee for the opportunity to present its views on surface transportation reauthorization legislation. We stand ready to be of any assistance as the legislative process moves forward.

Attached to this statement are a series of graphs depicting points made in this statement concerning highway needs and the ARTBA legislative recommendations.

We also submit copies of our analysis of the Bush Administration proposal, as well as two studies, "Enhancing U.S. Competitiveness Through Highway Investment: A Strategy for Economic Growth" and "The Jobs Impact of an Expanded Federal Highway Program" and ask that they be included in the hearing record.

# Federal-aid Highway System

## Percent of Pavement Mileage In Need of Repair

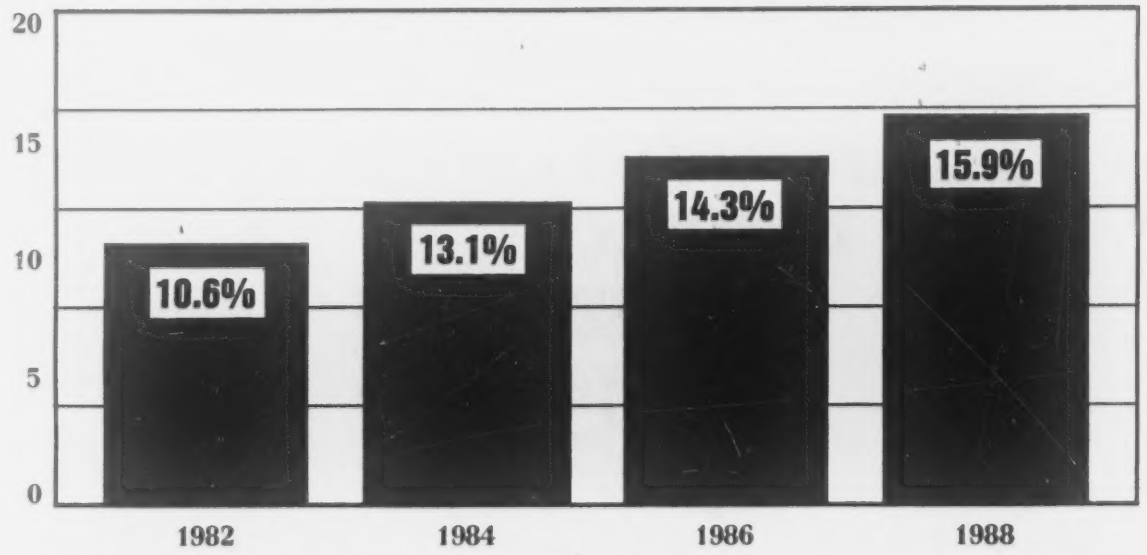

Rural Interstate 38.8%
Urban Interstate 40.1%
Rural Other Arterials 43.9%
Urban Other Arterials 52.7%
Rural Collectors 68.6%
Urban Collectors 69.9%
0 10 20 30 40 50 60 70 80
Percent of Pavement In Imminent Need of Repair

**Source:** *The Status of the Nation's Highways and Bridges: Conditions and Performance and Highway Bridge Replacement and Rehabilitation Program 1989. Report of the Secretary of Transportation to the U.S. Congress. June 1989.*

ARTBA

# Interstate Highway Bridges

## Percent Classified As Deficient




*Source: The Status of the Nation's Highways and Bridges: Conditions and Performance and Highway Bridge Replacement and Rehabilitation Program 1989. Report of the Secretary of Transportation to the U.S. Congress. June 1989.*

ARBA

# Capital Investment Requirements For Federal-aid Highways and Bridges

## 1987-2005 (Billions of 1987 Dollars)

| | At 3% Annual VMT Growth |
|---|---|
| **TOTAL HIGHWAY** | $655.6 |
| (Average Annual Investment Needed) | **$34.5** |
| **TOTAL BRIDGE** | $92.9 |
| (Average Annual Investment Needed) | **$4.9** |
| **TOTAL HIGHWAY AND BRIDGE** | $748.5 |
| (Average Annual Investment Needed) | **$39.4** |

"This Investment strategy assumes that capacity improvements will be made only where right-of-way are currently available. This would result in system performance improvements on the lower functional system, but performance deterioration on the higher system, especially in highly congested urbanized areas where right-of-way are at a premium."

**Source:** *The Status of the Nation's Highways and Bridges: Conditions and Performance and Highway Bridge Replacement and Rehabilitation Program 1989. Report of the Secretary of Transportation to the U.S. Congress. June 1989. Table I-1.*

ARBA

1809

# Capital Investment Requirements For Federal-aid Highways and Bridges

## 1987-2005 (Billions of 1987 Dollars)

| RURAL | At 3% Annual VMT Growth |
|---|---|
| Interstate | 42.5 |
| Other Principal Arterials | 51.5 |
| Minor Arterials | 53.9 |
| Major Collectors | 90.1 |
| Minor Collectors | 54.5 |
| **RURAL SUBTOTAL** | **$292.5** |

| URBAN | At 3% Annual VMT Growth |
|---|---|
| Interstate | 73.8 |
| Other Freeways & Expressways | 33.8 |
| Other Principal Arterials | 103.6 |
| Minor Arterials | 97.2 |
| Collectors | 54.7 |
| **URBAN SUBTOTAL** | **$363.1** |

*Source: The Status of the Nation's Highways and Bridges: Conditions and Performance and Highway Bridge Replacement and Rehabilitation Program 1989. Report of the Secretary of Transportation to the U.S. Congress. June 1989. Table I-1.*

ARBA

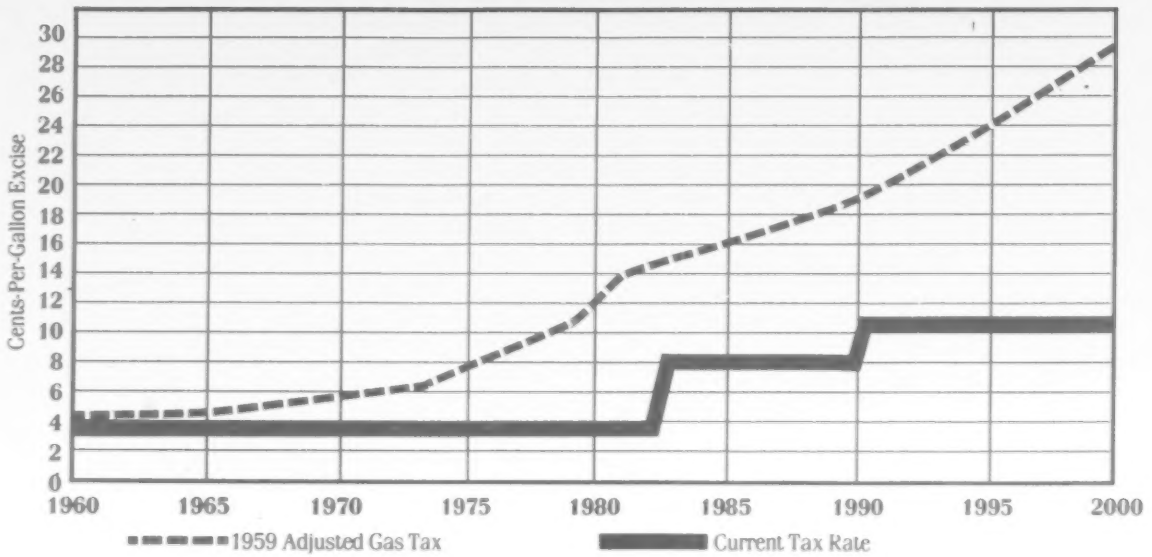
45-155 O—91—58

# Financing A $40 Billion Per Year Federal Highway Program

| | | |
|---|---|---|
| **1.** | Current Program | $16.5 Billion |
| **2.** | Annual Spend Down of HTF Balance | $3 Billion |
| **3.** | Dedication of Diverted 2.5¢ User Fee | $2.5 Billion |
| **4.** | Elimination of Gasohol Subsidy & Taxation of Alternative Motor Fuels | $1 Billion |
| **5.** | 10¢ Federal User Fee Increase | $10 Billion |
| **6.** | State Matching Funds (20% Average) | $7 Billion |
| **Total** | | **$40 Billion** |

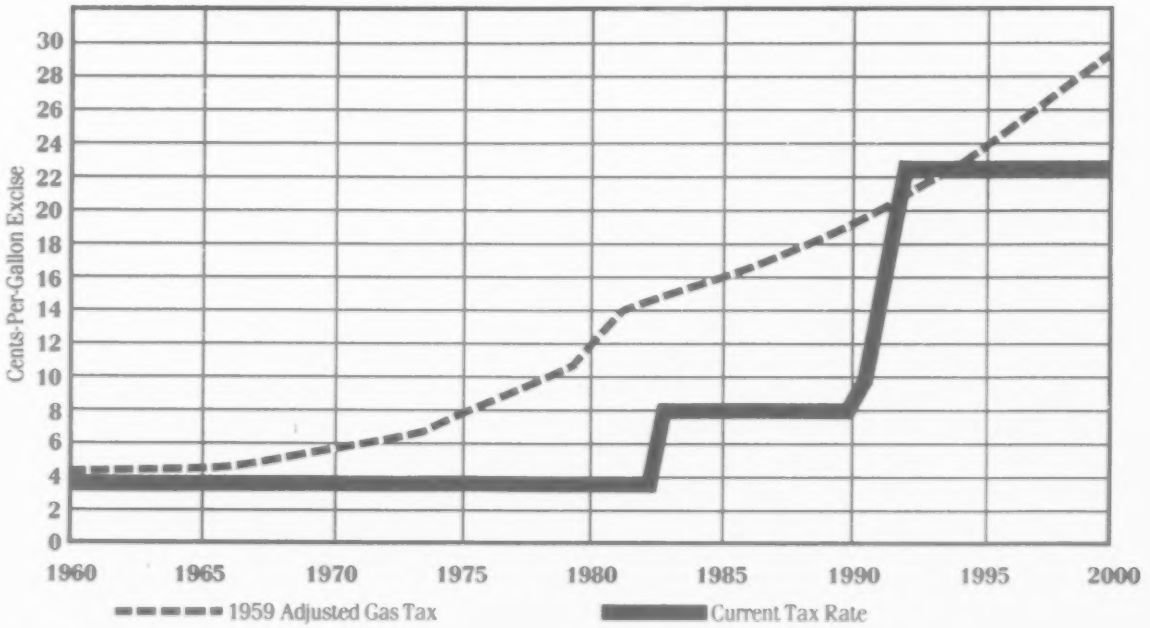
ARTBA

# Current Federal Gas Tax Rate Earmarked for Highways
## vs
# Inflation-Adjusted 1959 Tax Rate




ARBA

# ARTBA-Proposed Gas Tax Rate
## vs
# Inflation-Adjusted 1959 Rate




ARTBA

1814

## How Meeting America's Highway & Bridge Capital Needs Would Affect Employment

# The Jobs Impact Of An Expanded Federal Highway Program

Apogee Research, Inc.
For The
American Road & Transportation Builders Association

February 1991

# Employment Impact of A Sustained $25 Billion Increase in Federal Highway Investment

## Executive Summary

- New research shows that investment in highways and bridges provides duel economic benefits: first, by creating immediate jobs and second, by providing the long-term economic base needed to develop a more productive economy. Both effects are vital at this time in our nation's economic history. The first effect will provide help during the current recession. The second, will help make the U.S. a more productive economy. Economic productivity is the key to national economic growth and competitiveness. A sound and efficient transport system is, in turn, the key to a more productive economy.

- America's national transportation network is in disrepair due to inadequate investment. According to the U.S. Department of Transportation, a third of the bridges on the Federal-aid Highway System are "structurally deficient" or "functionally obsolete." [1] Forty percent of the pavement on the Interstate Highway System is in imminent need of repair.[2]

- The U.S. Department of Transportation's most recent report on the condition of the nation's highways and bridges concludes that meeting existing capital needs on the federal-aid system will require a sustained annual investment of nearly $40 billion -- about $25 billion per year more than was authorized by Congress for the Federal Highway Program in FY91.[3]

- New research shows that an additional $25 billion per year in federal highway and bridge capital spending would generate 942,926 American jobs in the peak year of the program. More than 87,000 jobs would be created within the first 12 months of increased investment of this magnitude. Within 24 months, the program will have generated over 448,000 American jobs.

- These are not short-term, "make work" jobs. The backlog of needed highway and bridge repair is such that it will take many years to rebuild the nation's transportation system. Over the first five years of the expanded program, 3.2 million man-years of employment are created.

- An expanded federal highway and bridge improvement program would create the most new jobs in the depressed construction and manufacturing industries -- 137,400 in construction and 98,700 in manufacturing during the first 24 months. In December 1990, the construction unemployment rate registered 14.0 percent, more than double the all-industry average of 6.3 percent. In December 1990, 870,000 construction workers were unemployed. Because of this excess capacity, the impact on inflation should be small.

- An increase in infrastructure capital spending of this magnitude would generate more than 25,000 jobs during the peak year of the program in 12 states: California (100,384), Texas (73,278), Florida (46,860), New York (45,772), Ohio (41,002), Pennsylvania (39,693), Illinois (38,660), Michigan (32,886), Georgia (31,765), New Jersey (29,194), North Carolina (27,819) and Virginia (25,414).

- In the peak year of the expanded program, 125,998 construction craftsmen would be employed. As spending spreads through the economy, the program would also generate employment in a number of other occupations, including 112,000 managers and administrators, 107,000 operatives, 99,800 personal service workers, 89,000 other craftsmen, 69,000 laborers, and 11,400 engineers.

- During the peak year of the program, each $1 million of federal highway investment would create 40.6 jobs across all U.S. industries due to the "ripple" effect of new construction activity on the economy.

- Research conducted in 1990 by Drs. David Alan Aschauer, former senior economist with the Federal Reserve Bank of Chicago, and Richard Mudge, former director of the Congressional Budget Office Public Investment Unit, shows that a sustained $40 billion per year Federal Highway Program would have other long-term positive effects on the U.S. economy that would greatly increase America's competitiveness. Aschauer and Mudge found that after 20 years of increased investment, national labor productivity would be 7.7 percent higher than would have been achieved without the program. This gain in productivity of $3,200 per American worker, would generate an additional $10 billion per year in corporate profit and $35 billion per year in private investment.[4]

- Additional highway investment would not only improve the mobility and safety of all Americans, but also help the nation meet energy and air quality goals by helping alleviate traffic congestion in urban/suburban areas.

- The American Road & Transportation Builders Association has proposed that Congress finance a $40 billion per year Federal Highway Program by taking the following actions: (1) Increase the federal motor fuels excise by at least 10 cents-per-gallon, effective in FY92; (2) Authorize spending of the 2.5 cents-per-gallon federal motor fuels excise currently earmarked for non-transportation uses for highway and bridge improvements; (3) Authorize a drawdown of the cash balance in the federal Highway Trust Fund (currently $9.8 billion); and (4) Eliminate the federal tax subsidy (6 cents-per-gallon) on the sale of gasohol.

- Congress has a golden opportunity to meaningfully address the nation's serious transportation infrastructure crisis AND create long-term employment in industries hardest hit by the current recession when it reauthorizes the Federal Highway Program during 1991.

1 *The Status of the Nation's Highways and Bridges: Conditions and Performance*, Report of the Secretary of Transportation to the U.S. Congress, June 1989. Page 30, Table 4-A.

2 *Highway Bridge Replacement and Rehabilitation Program*, Report of the Secretary of Transportation to the U.S. Congress, June 1989. Page III-21, Table III-7.

3 *The Status of the Nation's Highways and Bridges: Conditions and Performance*, Report of the Secretary of Transportation to the U.S. Congress, June 1989. Page I-11. Table I-1.

4 *Enhancing U.S. Competitiveness Through Highway Investment: A Strategy for Economic Growth*. Apogee Research, Inc., for the American Road & Transportation Builders Association. June 1990. Page 3.

# Determining The Employment Impact Of A Sustained $25 Billion Increase In Annual Federal Highway Investment

This analysis, prepared by Apogee Research, Inc., of Bethesda, Maryland, for the American Road & Transportation Builders Association, estimates the number of *new* jobs that would be created by the association's proposal to increase annual federal highway investment by $25 billion -- the amount the U.S. Department of Transportation says is necessary to meet identified capital needs.

The analysis utilizes the highly-respected national input/output econometric model created by the Regional Science Research Institute. The RSRI model is based on data collected by the U.S. Department of Commerce.

The model forecasts the number of direct and indirect jobs that are created by a given level of highway expenditures. It quantifies the principle that every direct job created in highway construction (or any other industry) generates additional jobs in other employment sectors as the funds are re-spent throughout the economy.

The financial assumptions made about highway spending follow the general assumptions used by the Congressional Budget Office in its reports:

- New authorizations are obligated one-half in the first year and one-half in the second year.
- Once obligations are made, outlays are spread over six years with the largest amount occurring in the second year.
- The month-by-month spend-out rate is based on historical rates collected by the Federal Highway Administration and used by the Congressional Budget Office.

The estimates presented here do not include U.S. jobs that are generated by the current level of federal highway funding. The effect of state matching funds is also not included in the analysis on the assumption that the states, as a whole, would not increase local funding for the program, but rather reprogram existing highway monies to obtain federal dollars.

Table 1 shows the estimated gain in jobs that would be generated on a state-by-state basis. The distribution of the increase in jobs is proportional to the state increase in federal grants that would occur under the current formula used by the Federal Highway Administration. The formula is established by Congress and subject to possible revision. The distribution of jobs across the state will also vary according to the state's economic structure.

Graph A illustrates the total annual employment generated by the program above baseline year level.

Graph B shows the states that would gain at least 25,000 new jobs during the program's peak year.

Tables 2 and 3 show the yearly job gains by industry sector and by selected industries, respectively.

Table 4 shows the job impact on selected occupations.

Table 5 presents the month-by-month outlays generated by authorizing an additional $25.6 billion per year for highway spending. Based on past history, it has taken two years for highway authorizations to be obligated and about six years for obligations to be converted to outlays. This may be conservative. The historical data was obtained from the Congressional Budget Office.

Table 6 shows the increase in annual federal funds that each state would receive under a $40 billion per year Federal Highway Program if current funding formulas and matching ratios are maintained.

Graphs C and D illustrates the condition of the bridges and pavement on the federal system, according to U.S. Department of Transportation data.

Graph E provides general highway trends over the 20-year period 1969-1989 including capital outlays, vehicle miles traveled, automobile registrations, the number of licensed drivers, fuel consumption, population and road mileage.

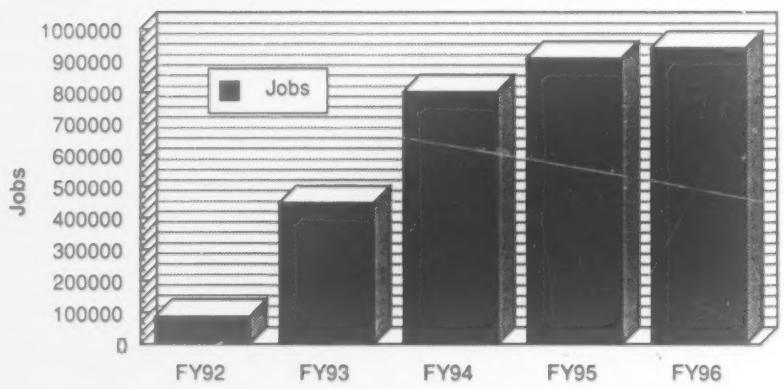
Graph F shows the effects a sustained $25 billion per year increase in federal highway investment would have on the U.S. economy in terms of productivity, corporate profit and private investment.

In should be noted that this analysis only covers the first five years of a greatly expanded capital improvement program. One must realize, however, that the money that is authorized over five years would continue to flow into the construction "pipeline," providing a positive employment effect well beyond the five years detailed here.

This analysis was conducted under the direction of Dr. Richard Mudge, president of Apogee Research, Inc. Questions may be directed to Dr. Mudge by calling (301) 652-8444.

**Graph A: Total U.S. Employment Created Above Baseline Year By A Sustained $25.6 Billion Increase In Annual Federal Highway Investment**

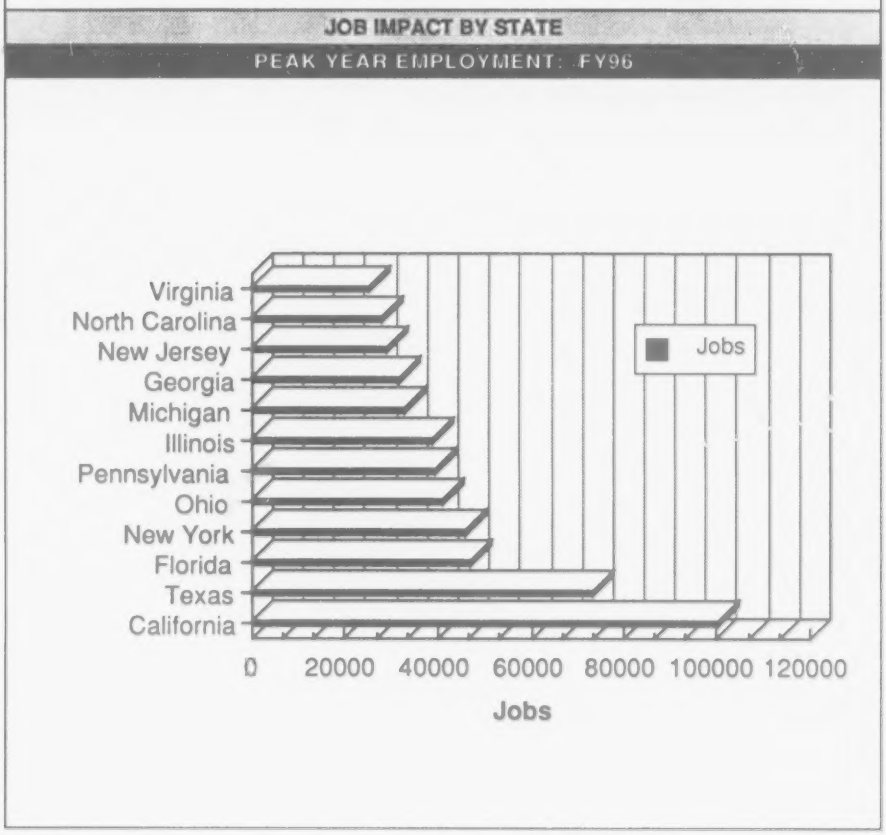
| JOB IMPACT BY FISCAL YEAR | | | | |
|---|---|---|---|---|
| FY92 | FY93 | FY94 | FY95 | FY96 |
| 87,569 | 448,268 | 800,627 | 903,933 | 942,926 |



## Table 1: Cumulative State Employment Increase Above Base Year Generated By A Sustained $25.6 Billion Increase In Annual Federal Highway Investment

| STATE | JOB IMPACT | | | | | |
|---|---|---|---|---|---|---|
| | FY92 | FY93 | FY94 | FY95 | FY96 | TOT. MAN-YEARS |
| AL | 1,712 | 8,762 | 15,649 | 17,667 | 18,431 | 62,220 |
| AK | 156 | 797 | 1,424 | 1,607 | 1,677 | 5,661 |
| AR | 1,312 | 6,718 | 11,999 | 13,546 | 14,132 | 47,708 |
| AZ | 1,089 | 5,575 | 9,957 | 11,241 | 11,727 | 39,589 |
| CA | 9,323 | 47,722 | 85,235 | 96,222 | 100,384 | 338,885 |
| CO | 1,107 | 5,666 | 10,120 | 11,424 | 11,918 | 40,235 |
| CT | 1,045 | 5,351 | 9,558 | 10,790 | 11,256 | 38,000 |
| DE | 267 | 1,365 | 2,439 | 2,753 | 2,872 | 9,696 |
| DC | 114 | 586 | 1,046 | 1,181 | 1,232 | 4,159 |
| FL | 4,352 | 22,277 | 39,788 | 44,917 | 46,860 | 158,195 |
| GA | 2,950 | 15,101 | 26,971 | 30,448 | 31,765 | 107,235 |
| HI | 232 | 1,187 | 2,120 | 2,393 | 2,497 | 8,429 |
| ID | 382 | 1,958 | 3,497 | 3,948 | 4,119 | 13,904 |
| IL | 3,590 | 18,379 | 32,826 | 37,057 | 38,660 | 130,511 |
| IN | 2,300 | 11,774 | 21,029 | 23,740 | 24,767 | 83,610 |
| IA | 1,131 | 5,792 | 10,344 | 11,678 | 12,183 | 41,129 |
| KS | 1,092 | 5,593 | 9,988 | 11,276 | 11,764 | 39,713 |
| KY | 1,502 | 7,690 | 13,735 | 15,506 | 16,177 | 54,610 |
| LA | 1,564 | 8,009 | 14,304 | 16,147 | 16,846 | 56,870 |
| ME | 517 | 2,647 | 4,727 | 5,337 | 5,567 | 18,795 |
| MD | 1,590 | 8,141 | 14,541 | 16,415 | 17,125 | 57,813 |
| MA | 1,794 | 9,182 | 16,399 | 18,513 | 19,313 | 65,200 |
| MI | 3,054 | 15,634 | 27,923 | 31,523 | 32,886 | 111,021 |
| MN | 1,510 | 7,732 | 13,810 | 15,590 | 16,265 | 54,908 |
| MS | 1,098 | 5,622 | 10,042 | 11,336 | 11,826 | 39,924 |
| MO | 2,176 | 11,140 | 19,896 | 22,460 | 23,432 | 79,104 |
| MT | 376 | 1,923 | 3,435 | 3,877 | 4,045 | 13,656 |
| NE | 696 | 3,565 | 6,367 | 7,187 | 7,498 | 25,313 |
| NV | 470 | 2,404 | 4,293 | 4,847 | 5,056 | 17,070 |
| NH | 358 | 1,834 | 3,275 | 3,698 | 3,858 | 13,023 |
| NJ | 2,711 | 13,879 | 24,789 | 27,984 | 29,194 | 98,557 |
| NM | 671 | 3,435 | 6,135 | 6,926 | 7,226 | 24,394 |
| NY | 4,251 | 21,760 | 38,864 | 43,874 | 45,772 | 154,521 |
| NC | 2,584 | 13,225 | 23,621 | 26,666 | 27,819 | 93,914 |
| ND | 306 | 1,568 | 2,801 | 3,162 | 3,299 | 11,136 |
| OH | 3,808 | 19,492 | 34,814 | 39,302 | 41,002 | 138,419 |
| OK | 1,395 | 7,141 | 12,755 | 14,399 | 15,022 | 50,712 |
| OR | 819 | 4,194 | 7,491 | 8,456 | 8,822 | 29,782 |
| PA | 3,686 | 18,870 | 33,703 | 38,047 | 39,693 | 134,000 |
| RI | 295 | 1,510 | 2,698 | 3,045 | 3,177 | 10,726 |
| SC | 1,325 | 6,783 | 12,115 | 13,676 | 14,268 | 48,167 |
| SD | 319 | 1,631 | 2,913 | 3,289 | 3,431 | 11,583 |
| TN | 2,228 | 11,405 | 20,370 | 22,996 | 23,991 | 80,991 |
| TX | 6,805 | 34,836 | 62,220 | 70,240 | 73,278 | 247,379 |
| UT | 576 | 2,949 | 5,267 | 5,946 | 6,204 | 20,943 |
| VT | 218 | 1,117 | 1,995 | 2,252 | 2,350 | 7,933 |
| VA | 2,360 | 12,082 | 21,579 | 24,360 | 25,414 | 85,795 |
| WA | 1,646 | 8,425 | 15,047 | 16,986 | 17,721 | 59,824 |
| WV | 667 | 3,416 | 6,101 | 6,888 | 7,185 | 24,258 |
| WI | 1,644 | 8,416 | 15,031 | 16,969 | 17,703 | 59,762 |
| WY | 392 | 2,005 | 3,581 | 4,043 | 4,218 | 14,239 |
| NATION | 87,569 | 448,268 | 800,627 | 903,833 | 942,926 | 3,183,222 |

**Graph B: Peak Year Employment Impact On Selected States (Over 25,000 New Jobs) Caused By A Sustained $25.6 Billion Increase In Annual Federal Highway Investment**



## Table 2: Employment Increase Above Base Year By Industry Sector Resulting From A Sustained $25.6 Billion Increase In Annual Federal Highway Investment

| SECTOR | JOB IMPACT | | | | | |
|---|---|---|---|---|---|---|
| | FY92 | FY93 | FY94 | FY95 | FY96 | TOT. MAN-YEARS |
| Construction | 22,451 | 114,929 | 205,268 | 231,728 | 241,751 | 816,127 |
| Business Services | 16,942 | 86,729 | 154,902 | 174,869 | 182,433 | 615,875 |
| Manufacturing | 16,120 | 82,519 | 147,382 | 166,381 | 173,577 | 585,979 |
| Retail Trade | 13,363 | 68,405 | 122,174 | 137,923 | 143,889 | 485,754 |
| Transportation, Communication & Public Utilities | 5,036 | 25,782 | 46,047 | 51,983 | 54,232 | 183,081 |
| Finance, Insurance & Real Estate | 4,779 | 24,464 | 43,694 | 49,326 | 51,460 | 173,722 |
| Wholesale Trade | 4,512 | 23,098 | 41,253 | 46,571 | 48,585 | 164,020 |
| Agriculture | 1,985 | 10,164 | 18,153 | 20,493 | 21,379 | 72,173 |
| Mining | 1,695 | 8,675 | 15,495 | 17,492 | 18,249 | 61,606 |
| Agriculture Service, Forestry & Fish | 424 | 2,171 | 3,878 | 4,378 | 4,567 | 15,419 |
| Government | 260 | 1,333 | 2,381 | 2,688 | 2,804 | 9,465 |
| TOTAL | 87,569 | 448,268 | 800,627 | 903,833 | 942,926 | 3,183,222 |

## Table 3: Employment Increase Above Base Year In Selected Industries Resulting From A Sustained $25.6 Billion Increase In Annual Federal Highway Investment

| INDUSTRY | JOB IMPACT | | | | | |
|---|---|---|---|---|---|---|
| | FY92 | FY93 | FY94 | FY95 | FY96 | TOT. MAN-YEARS |
| Heavy Construction | 22,074 | 112,996 | 201,815 | 227,830 | 237,685 | 802,399 |
| Stone, Clay & Glass Manufacturing | 3,182 | 16,291 | 29,096 | 32,846 | 34,267 | 115,682 |
| Trucking & Warehousing | 2,474 | 12,666 | 22,622 | 25,538 | 26,642 | 89,941 |
| Auto Dealers & Service | 2,422 | 12,400 | 22,146 | 25,001 | 26,082 | 88,051 |
| Fabricated Metal Products | 2,329 | 11,924 | 21,297 | 24,043 | 25,083 | 84,677 |
| General Merchandise Stores | 1,639 | 8,390 | 14,985 | 16,916 | 17,645 | 59,578 |
| Real Estate | 1,427 | 7,307 | 13,051 | 14,733 | 15,370 | 51,888 |
| Food & Kindred Products Manufacturing | 1,284 | 6,574 | 11,742 | 13,255 | 13,829 | 46,685 |
| Primary Metal Products Manufacturing | 1,162 | 5,947 | 10,622 | 11,991 | 12,510 | 42,231 |
| Food Stores | 1,042 | 5,336 | 9,531 | 10,759 | 11,224 | 37,892 |
| Apparel Manufacturing | 1,030 | 5,274 | 9,419 | 10,633 | 11,093 | 37,449 |
| Auto Repair Services & Garages | 835 | 4,273 | 7,631 | 8,615 | 8,987 | 30,340 |
| Hotels & Other Lodging | 823 | 4,213 | 7,525 | 8,495 | 8,863 | 29,919 |
| Chemical Manufacturing | 809 | 4,141 | 7,396 | 8,350 | 8,711 | 29,406 |
| Banking | 788 | 4,035 | 7,208 | 8,137 | 8,489 | 28,657 |
| Petroleum & Coal Products | 644 | 3,294 | 5,883 | 6,642 | 6,929 | 23,392 |
| Textile Mill Products | 609 | 3,117 | 5,568 | 6,286 | 6,557 | 22,137 |

## Table 4: Employment Increase Above Base Year For Selected Occupations From An Additional $25.6 Billion Per Year In Budget Authorizations For Federal Highway Investment

| OCCUPATION | JOB IMPACT | | | | | |
|---|---|---|---|---|---|---|
| | FY92 | FY93 | FY94 | FY95 | FY96 | TOT. MAN-YEARS |
| Construction Craftsmen | 11,701 | 59,900 | 106,984 | 120,774 | 125,998 | 425,357 |
| Managers & Administrators | 10,408 | 53,279 | 95,158 | 107,425 | 112,071 | 378,341 |
| Operatives (Except Trans.) | 9,938 | 50,875 | 90,865 | 102,578 | 107,015 | 361,272 |
| Pers. Serv. Workers | 9,272 | 47,466 | 84,776 | 95,704 | 99,844 | 337,063 |
| Craftsmen (Except Constr.) | 8,258 | 42,275 | 75,505 | 85,238 | 88,925 | 300,201 |
| Laborers | 6,419 | 32,857 | 58,684 | 66,248 | 69,114 | 233,321 |
| Sales Workers | 5,384 | 27,562 | 49,227 | 55,573 | 57,977 | 195,724 |
| Trans. Equip. Operators | 4,561 | 23,348 | 41,701 | 47,076 | 49,113 | 165,799 |
| Professionals, Technicians | 2,632 | 13,473 | 24,064 | 27,166 | 28,341 | 95,677 |
| Engineers | 1,063 | 5,442 | 9,720 | 10,973 | 11,448 | 38,647 |
| Engineering & Science Techs | 945 | 4,839 | 8,643 | 9,757 | 6,204 | 20,944 |
| Computer Specialists | 363 | 1,860 | 3,322 | 3,750 | 3,913 | 13,208 |

## Table 5: Monthly Outlays Resulting From A Sustained $25.6 Billion Increase In Annual Federal Highway Investment ($ Millions)

| MONTH | OUTLAYS | | | | | |
|---|---|---|---|---|---|---|
| | FY92 | FY93 | FY94 | FY95 | FY96 | TOT. OUTLAYS |
| Month 1 | 221 | 1,129 | 2,017 | 2,277 | 2,376 | |
| Month 2 | 196 | 1,002 | 1,789 | 2,020 | 2,107 | |
| Month 3 | 185 | 949 | 1,695 | 1,913 | 1,996 | |
| Month 4 | 141 | 723 | 1,292 | 1,458 | 1,521 | |
| Month 5 | 122 | 625 | 1,116 | 1,260 | 1,314 | |
| Month 6 | 124 | 635 | 1,134 | 1,281 | 1,336 | |
| Month 7 | 133 | 683 | 1,219 | 1,377 | 1,436 | |
| Month 8 | 161 | 823 | 1,470 | 1,659 | 1,731 | |
| Month 9 | 202 | 1,032 | 1,844 | 2,081 | 2,171 | |
| Month 10 | 187 | 956 | 1,707 | 1,927 | 2,010 | |
| Month 11 | 236 | 1,208 | 2,157 | 2,435 | 2,540 | |
| Month 12 | 246 | 1,261 | 2,253 | 2,544 | 2,654 | |
| TOTAL | 2,154 | 11,026 | 19,693 | 22,231 | 23,193 | 78,296 |

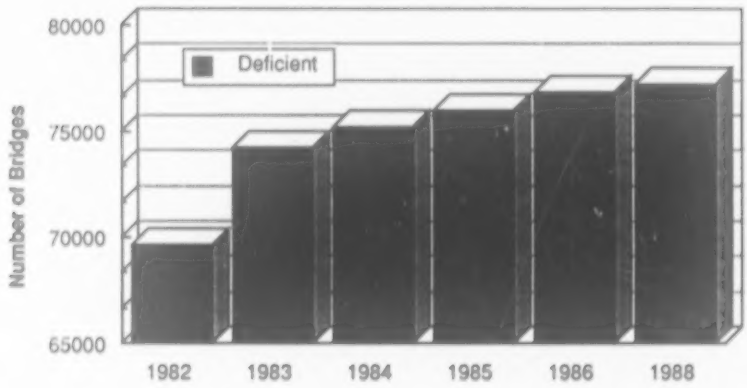
## Table 6: What A $40 Billion Per Year Federal Highway Program Would Mean To The States In Terms of Increased Federal Funding Under Current Formulas and Matching Ratios

| STATE | FUNDING INCREASE |
|---|---|
| | IN MILLIONS OF DOLLARS |
| Alabama | 501.2 |
| Alaska | 45.6 |
| Arkansas | 384.3 |
| Arizona | 318.9 |
| California | 2719.8 |
| Colorado | 324.1 |
| Connecticut | 306.1 |
| Delaware | 78.1 |
| District of Columbia | 33.5 |
| Florida | 1274.3 |
| Georgia | 863.8 |
| Hawaii | 67.9 |
| Idaho | 112.0 |
| Illinois | 1051.3 |
| Indiana | 673.5 |
| Iowa | 331.3 |
| Kansas | 319.9 |
| Kentucky | 439.9 |
| Louisiana | 458.1 |
| Maine | 151.4 |
| Maryland | 465.7 |
| Massachusetts | 525.2 |
| Michigan | 894.3 |
| Minnesota | 442.3 |
| Mississippi | 321.6 |
| Missouri | 637.2 |
| Montana | 110.0 |
| Nebraska | 203.9 |
| Nevada | 137.5 |
| New Hampshire | 104.9 |
| New Jersey | 793.9 |
| New Mexico | 196.5 |
| New York | 1244.7 |
| North Carolina | 756.5 |
| North Dakota | 89.7 |
| Ohio | 1115.0 |
| Oklahoma | 408.5 |
| Oregon | 239.9 |
| Pennsylvania | 1079.4 |
| Rhode Island | 86.4 |
| South Carolina | 388.0 |
| South Dakota | 93.3 |
| Tennessee | 652.4 |
| Texas | 1992.7 |
| Utah | 168.7 |
| Vermont | 63.9 |
| Virginia | 691.1 |
| Washington | 481.9 |
| West Virginia | 196.4 |
| Wisconsin | 481.4 |
| Wyoming | 114.7 |
| NATION | 25,641.3 |

Source: *Apogee Research, Bethesda, Maryland*

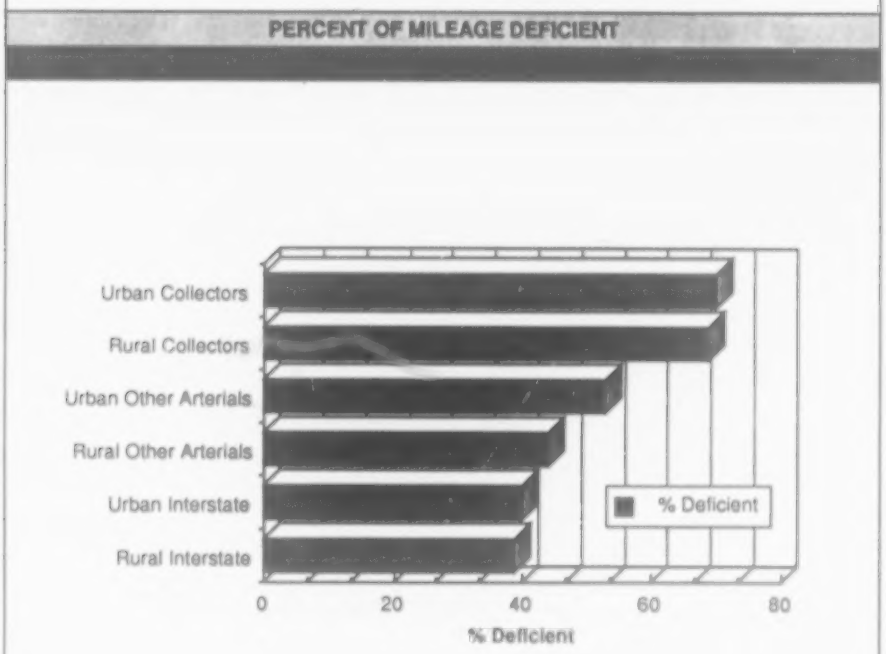
**Graph C: "Structurally Deficient" And "Functionally Obsolete" Bridges On The Federal Highway System According To The U.S. Department of Transportation Report To Congress**

| NUMBER OF DEFICIENT BRIDGES | | | | | |
|---|---|---|---|---|---|
| 1982 | 1983 | 1984 | 1985 | 1986 | 1988 |
| 69,645 | 74,249 | 75,198 | 75,932 | 76,863 | 77,192 |




Source: *The Status of the Nation's Highways and Bridges: Conditions and Performance* Report of the Secretary of Transportation to the U.S. Congress. Part II, Page 6.

**Graph D: Federal Highway System Mileage In Imminent Need of Repair According To The U.S. Department of Transportation Report To Congress**

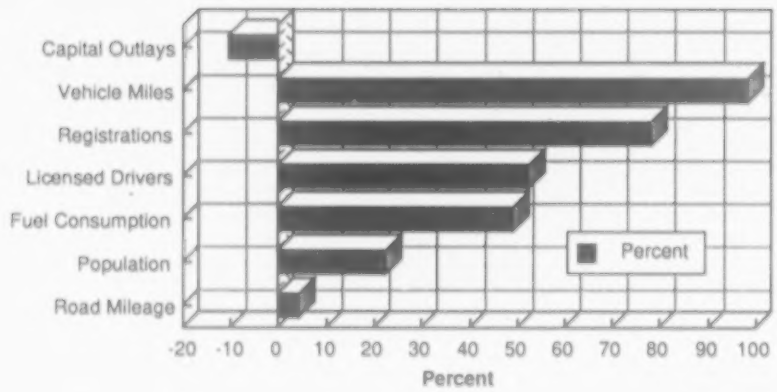



Source: *The Status of the Nation's Highways and Bridges: Conditions and Performance* Report of the Secretary of Transportation to the U.S. Congress. Page III-21, Table III-7.

## Graph E: Highway Indicator Trends As Reported By The U.S. Department of Transportation

**PERCENT CHANGE**

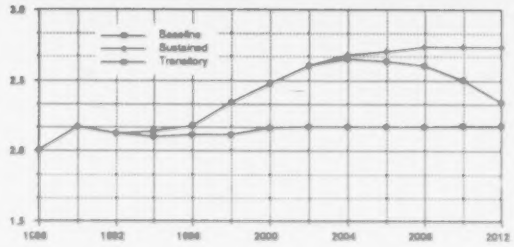
**1969 - 1989**

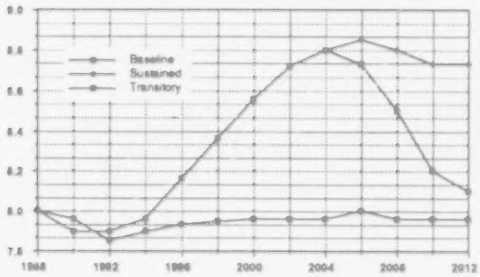



Source: *Selected Highway Statistics and Charts 1989*
U.S Department of Transportation. FHWA-PL-91-001, Page 38

## Graph "F": Long Term Economic Impacts Created By An Additional $25.6 Billion Per Year In Budget Authorizations For Federal Highway Investment

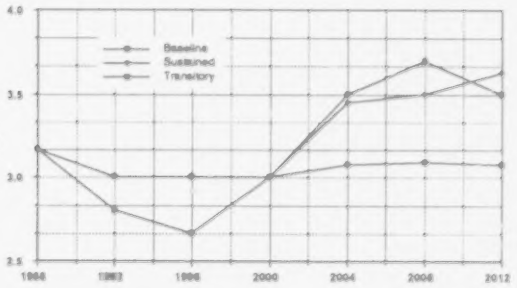
Effect on Productivity Growth
(Percent Per Annum)




Effect on Corporate Profitability
(Percentage Return To Capital)

Effect on Private Investment
(Percent of Capital Stock)




Source: "Enhancing U.S. Competitiveness Through Highway Investment: A Strategy For Economic Growth" Apogee Research, Inc., for ARTBA, June 1990.

1831

# *Enhancing U. S. Competitiveness Through Highway Investment:*

## *A Strategy For Economic Growth*

**Prepared for:**
**The American Road and Transportation Builders Association**

**Prepared by:**
**Apogee Research, Inc.**
**Dr. Richard Mudge**
**Dr. David Alan Aschauer**

**June 1990**

1832

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# *Enhancing U.S. Competitiveness Through Highway Investment:*

## *A Strategy for Economic Growth*

## Preface

In January 1990, the American Road and Transportation Builders Association (ARTBA) commissioned Apogee Research, Inc., of Bethesda, Maryland, to conduct research to project the long-term economic impacts of ARTBA's proposed $40 billion per year Federal-aid Highway Program.

This paper reflects the personal views of its authors, Drs. Richard Mudge and David Alan Aschauer. Dr. Mudge, former chief of the Congressional Budget Office's Public Investment Unit, is president of Apogee Research. Dr. Aschauer is a senior economist with the Federal Reserve Bank of Chicago and a senior associate with Apogee Research.

This paper should not be interpreted as reflecting Federal Reserve Bank policy.

## Executive Summary

Transportation infrastructure investment is most often justified based on its effects on short-term job creation, the fact that spending has not kept pace with economic growth, or shortfalls in physical conditions relative to some engineering or safety standard. While real, these arguments miss the vital, long-term economic role that transport services play in a developed economy.

Recent research provides evidence of the far-reaching importance an effective transportation system has for the nation's economic performance. This report summarizes the first use of Dr. David Aschauer's research to explore the broad economic effects of a major increase in public investment.

As an example, we have simulated the likely economic effects of a significant increase in federal highway spending -- roughly equivalent to the $40 billion per year federal program that has been proposed by the American Road and Transportation Builders Association in response to highway capital needs that have been identified by the U.S.

Department of Transportation. Specific measures examined include the impact of this increased investment on nation-wide labor productivity, private investment, and corporate profit.

*The simulation indicates that an increase in highway investment of this magnitude will lead to a $250 annual increase in productivity for each American worker within the program's first five years, and a $3,200 increase in annual output per worker within 20 years of the program's onset (all in 1990 dollars).*

These increases are the additional output per worker that can be expected compared to a baseline scenario that assumes a continuation of current highway expenditure policies. These results imply a reversal in the nation's stagnant rate of labor productivity, with productivity growth reaching half a percentage point or more above the baseline forecast. *After 20 years of sustained highway investment at the proposed level, national labor productivity would be 7.7% higher than without the program.*

These impacts affect the entire economy and are not small. *By early in the next century, labor productivity would be growing at 2.75% per year versus an expected 2.2% per year -- a 23% higher rate of growth.*

In addition, the simulations suggest that once the new highway program has had time to influence corporate decisions, the *productivity gains will lead to an improvement in corporate profit margins -- by up to 10% within 20 years.*

Even without adjusting for a larger economy, *annual corporate profits would be likely to increase by more than $10 billion per year within five years following the increased highway investment, and nearly $30 billion per year within 20 years of the program's initiation*.

The increase in public investment is likely to cause a short-term negative impact on private investment, as funds will be diverted from the private to the public sector. Within 10 years, however, this effect will be reversed, with growing corporate profits generating new sources for private investment. In fact, *by 2012 there would be a $35 billion per year increase in annual private investment above the baseline projection.*

The program analyzed in this report is not inexpensive, with annual costs for the average driver of about $60 to $70 in higher motor fuel user fees. The potential gains identified by these simulations affect the entire United States economy, and will have benefits that far outweigh the cost.

## Potential Improvement in Broad Economic Measures That Could Be Derived Through Implementation of the Proposed ARTBA Highway Investment Program

***Labor Productivity***

| | percentage increase in rate of growth in productivity | increase in output per worker |
|---|---|---|
| 1997 | +9.3 | +$250 |
| 2012 | +23.0 | +$3,200 |

***Corporate Profit***

| | percentage increase in profit rate | increase in annual corporate profits |
|---|---|---|
| 1997 | +4.3 | +$12 billion |
| 2012 | +9.9 | +$29 billion |

***Private Investment***

| | percentage increase in private investment | change in annual private investment |
|---|---|---|
| 1997 | -5.2 | -$19 billion |
| 2012 | +11.2 | +$35 billion |

# Introduction

The United States enters the 1990s facing serious economic challenges and competition from both Western Europe and the Far East. The signs are everywhere: "EC '92" is a reality... A united Germany is in the offing... England will soon be linked by surface transportation to the rest of Europe... Markets in Eastern Europe are opening to the West for the first time in over three decades... Japan continues to exhibit its prowess in exploiting market opportunities... Korea, Hong Kong and China are all following courses designed to make them major world economic players.

Simply put, in this decade, the ability of the United States to compete in world markets will be strongly put to the test.

The decline in our economic competitiveness is also obvious and a frequent topic of news media analysis and political rhetoric. Our economic "track record" entering 1990 shows a serious gap between productivity growth in the United States and other industrial nations, record trade deficits, and a growing dependence on foreign capital.

What's wrong? Is the American worker lazy? Can all of our economic problems be laid on the federal deficit? The answer to those questions is certainly "no." The search for answers -- and solutions -- to our competitiveness problems must go beyond what appears to be the "obvious." We need to begin looking for the common threads that can be found in the past economic success of this country -- and the current inroads being made by others.

At least one major thread that winds through every economic success story is an efficient surface transportation network.

It is an observable fact that countries which sustain a high level of public investment relative to output experience higher productivity growth than other countries. For example, during the past two decades, Japan has invested about 5.1% of its output in public works and achieved productivity growth of 3.1% per annum. The United States, meanwhile, has maintained a low public investment ratio of 0.3% and seen inferior productivity growth of 0.6% per year. [1]

Part of the explanation of the decline in the competitive position of the United States may be found in the low rate at which it has added to its stock of ports, highways, airports and other facilities that aid in the production and distribution of goods and services. [2]

In the *1990 Economic Report of the President*, Michael Boskin, chairman of the Council of Economic Advisers, writes that "inadequate government infrastructure can impede improvements in productivity growth" and that "taking advantage of productive opportunities to maintain and improve the infrastructure is an important part of

Federal, State and local government policies to raise economic growth."

Yet physical capital investment slid from 24.3% of total federal outlays in 1960 to 11% in 1990 and is scheduled to fall to 10.7% in 1991. Similarly, total federal investment has slumped from 34.1% of total public investment in 1960 to 19.4% in 1990 and, if the president's proposed budget were adopted, would decrease to 19.2% in 1991.

For the past two decades, growth in the private sector capital stock has far outpaced growth in the nonmilitary public capital stock. Between 1968 and 1988, the private sector's net stock of equipment and structures rose from just over $4 trillion in 1982 dollars to $7.3 trillion, while the public sector's net nonmilitary capital stock climbed from a little over $1.2 trillion to $1.7 trillion. As a result, the ratio of public to private fixed capital stocks dropped from more than 30% in 1968 to around 23% by the end of 1988.

These divergent trends in private and public capital accumulation attract attention when they reveal themselves in dramatic failings, such as when a bridge collapses. But the fact is, America's transportation infrastructure has not been keeping pace with the growth of the U.S. economy.

The U.S. Department of Transportation's 1989 report to Congress on the state of the nation's highways and bridges should disturb anyone with an interest in moving goods and services or a role in determining national economic policy. Forty percent of the nation's bridges are deficient. More than 40% of the pavement on the Federal Highway System is in "fair" or "poor" condition. [3]

At one time, the link between infrastructure and overall economic growth was obvious and had wide acceptance. Today, a more sophisticated and skeptical public requires more systematic evidence of what was once largely taken for granted.

Recent research by Dr. David Alan Aschauer of the Federal Reserve Bank of Chicago and Dr. Alicia Munnell of the Federal Reserve Bank of Boston provides persuasive evidence that the slowdown in public works investment in this country over the past quarter century may well be the most significant single force behind the relative decline in U.S. productivity. [4]

This paper utilizes Dr. Aschauer's work to quantify the potential economic effects of implementing the $25 billion per year increase in federal highway and bridge investment that has been proposed by the American Road and Transportation Builders Association.

## ARTBA's Proposed Highway Investment Program

The U.S. Congress has already begun public hearings on reauthorization of the Federal Highway Program. Current authorizations are scheduled to expire on October 1, 1991. This could be the most significant transportation legislation since 1956, when the federal Highway Trust Fund was established and the Interstate Highway Construction Program began in earnest. With new construction on the original Interstate Highway System nearly complete, this legislation has the potential to establish the structure and level of federal highway spending into the 21st Century.

In recognition of this potentially historic event, virtually every group interested in highways and transportation has worked at developing a consensus program for the future. The proposals prepared by most of these groups have focused on improving the effectiveness of existing programs and developing the maximum level of spending that could be supported within existing resources -- excise tax revenues plus the more than $17 billion "checkbook balance" in the Mass Transit and Highway Accounts of the federal Highway Trust Fund.

The American Road and Transportation Builders Association (ARTBA), however, has proposed a bolder approach. In response to calls for the doubling of capital investment by the National Council on Public Works Improvement [5] and analytic work done by the Federal Highway Administration [6] that indicates a 20-year, annual investment of up to $40 billion is necessary to meet existing capital needs on the federal system, ARTBA recommends that Congress authorize a $40 billion per year Federal Highway Program effective in Fiscal Year 1992. [7] This would represent about a $25 billion per year increase above the current level of federal highway investment.

ARTBA proposes that the expanded investment be accomplished primarily through a concurrent spend-down of the Highway Trust Fund balance and an increase in federal gasoline, diesel and truck user fees.

## Guide to Rest of Paper

Since this paper uses the results from Dr. Aschauer's most recent analytic efforts to simulate the long-term economic effects of the national highway program proposed by ARTBA, its focus is on broad economic impacts, including overall economic productivity, private-sector profitability, and the level of private-sector investment.

This differs from the more traditional analyses of transportation investment proposals, which have tended to focus on the immediate,

first-order effects of improved physical conditions: greater safety, reduced travel time, and greater reliability of transportation infrastructure improvements. We have also not considered the jobs generated during construction.

A 20-year time frame is used for our analysis to provide enough time to focus on the long-term economic growth implications of an improved national highway network.

The next section explains how -- and why -- transportation infrastructure plays a key role in encouraging greater private sector productivity.

After a brief description of the major assumptions made concerning ARTBA's proposed highway program and a summary of the simulation model that has been used, the paper describes our findings, and discusses their policy implications.

A *Technical Appendix* provides background on the econometric estimates that underlie our forecasts and the detailed simulation results.

## THE ECONOMIC IMPORTANCE OF IMPROVED HIGHWAYS & BRIDGES

### Highways and Economic Growth

Past motivations for highway spending have been driven by "needs" studies that reflect the failure of investment to keep pace with demand. By themselves, however, estimates of needs bear little relationship to economic and social returns from increased investment. Thus, they have had limited influence beyond the transportation community.

In some cases, economic arguments have been used, but most of these have relied on the short-term jobs created by construction spending. This view is misleading since the number and types of short-term jobs created vary little from one type of public capital spending to another. Also, in the near term, these impacts may be largely offset by reduced economic activity due to increased user fees or a general diversion of dollars away from the private sector.

Investment decisions about highways and bridges should not be based on their short-term effects alone. These structures have a productive life that can be measured in decades of service and thus should be evaluated on their likely long-term effects. Indeed, in an open and dynamic economy, significant improvements to the transportation

network should also affect the organization and structure of the nation's economy and of its industrial productivity.

Long-term economic impacts are much harder to isolate. When long-term effects have been examined in the past, they have usually been based on changes in specific transportation corridors and have emphasized the gains for transportation firms and closely related industries. [8]

Further, in many cases, some variation on the input-output model forms the basis for the analysis. While these models generate detailed results, they are of little use in projecting system-wide changes to a transportation network or impacts on a dynamic economy. [9]

The United States has a developed economy, with few untapped resources and an extensive transportation network already in place. As such, the broad economic importance of individual infrastructure projects is much harder to show. The effect on private industry must compete with many other forces and thus may seem to be more diffuse. Nonetheless, it is real.

Unlike during the 19th Century, the economic frontier today is no longer confined by geographic location. It must include the production processes of our firms and their competition -- both domestic and foreign.

As is now the case with virtually every developed economy, the United States can expect only slow population and labor force growth in the near future and no significant increase in its natural resources. As a result, future economic growth will depend increasingly on how well we use our available capital and labor -- that is, economic productivity will grow in importance as a force for economic growth.

This paper shows the tangible effect on productivity and thus the future economic well-being resulting from a more extensive and productive transport system.

## The Value of Highways to the Private Sector

In their simplest models, economists explain economic output as the product of capital and labor inputs. For example, to deliver an overnight package, Federal Express requires labor -- truck drivers, airplane pilots, mail sorters -- and physical capital -- the associated trucks airplanes, computers and the "Octopus" (Federal Express's mechanical mail sorting machine).

Oddly, it is conventional for economists to include in the physical capital concept only private plant and equipment and to neglect public capital such as roads, airports and other infrastructure facilities that these firms rely heavily on to do business.

As the Federal Express example makes clear, however, this neglect can be grossly misleading. What kind of product would Federal Express have were it not for the streets on which it drives its trucks? What level of profit would Federal Express experience without the availability of a general transportation infrastructure for the use of its customers and employees?

While the choice of Federal Express as an example is admittedly extreme, a moment's reflection can provide numerous examples of how the availability of efficient highways and bridges support nearly every productive activity in the economy. Consider, for example, that the Interstate Highway System provides truck access to virtually every large- and medium-sized market and major port in the United States.

Good highways serve multiple functions, allowing for just-in-time inventory management, as well as reliable shipment to local, national, and international customers. Without good public infrastructure, private production would be a difficult -- and in some cases, impossible -- task.

**Our transportation infrastructure supports more effective private business by:**

- **Reducing bottlenecks in production and management;**
- **Adding flexibility to what gets produced and how this is accomplished;**
- **Improving access to labor and other key inputs;**
- **Permitting greater specialization of corporate functions; and**
- **Providing access to new and larger markets.** [10]

While the detailed effects vary across industries, individual impacts can be summed as national aggregates. Without question, a limited, or inefficient national highway network can act as a drag on overall private economic activity. This reduces profits, which, in turn, restrains private investment and hampers growth in overall productivity. In particular, **an inadequate transportation system**:

- **Lowers the rate of profit for private firms.** Recent empirical research shows that a one percent decrease in the stock of public infrastructure is capable of lowering the average profit rate for private firms by about one-tenth of one percentage point. Very simply, a deficient infrastructure raises the costs of production for private firms; [11]

• **Depresses private investment.** As lower public investment reduces corporate profits, managers will respond by cutting back on some planned additions to private capacity; and

• **Depresses productivity growth directly and indirectly.** Less capital per worker means that workers will be able to produce less output in any given period of time. Thus, a lower public capital stock pushes down productivity directly. A deficient public capital stock also depresses profits, causing private investment to contract, thereby detracting from growth in private capital stock.

### Returns To Public Investment

Over time, the relative economic returns from public versus private capital should shift, depending on the nation's economic structure and the degree to which we may have under (or over) invested in one versus the other. Indeed, one logical explanation for the dramatic results found by Munnell and Aschauer is that the nation has been under-investing in public works for some time. As a result, many productive public investments have been missed or, at best, deferred.

This means that the economic returns from additional public investment in transportation and other public works should be unusually high for at least the foreseeable future. Even if there is a gap between spending and demand, however, we still must take care to avoid individual projects that are not cost effective.

Most analytic techniques designed to measure the economic, social or financial effects of alternative transportation investments use average data, such as that found in an input-output table, to describe changes by industry.

To truly understand these forces, however, requires a systems approach rather than a link-by-link analysis of the costs and benefits of individual improvements. Indeed, one implication of the macro-based analyses of Aschauer and Munnell is that merely adding up the effects of individual transport links understates the economic importance of highway investment. From a national perspective, there is more to transportation benefits than can be derived from a summation of cost-benefit studies.

## ASSUMPTIONS AND SCENARIOS

### Underlying Baseline Economic Assumptions

The analytic approach taken here is first to build a baseline economic scenario that continues recent trends in economic performance and current policy toward highway and bridge investment. The effect of

alternative levels of highway program investment on the economy can then be investigated by incorporating proposed changes into the scenario, tracing the resulting changes, and then comparing them to the baseline scenario.

The baseline assumptions for the non-highway portions of the economy call for a steady state based on conditions through 1988. No attempt is made to forecast future economic downturns or upturns and no assumption is made about potential dramatic shifts in the nation's economic structure or the rate of growth in overall efficiency from that of the late 1980s. The purpose here is to focus on the long-term effects of a significant change in the level of highway investment.

The baseline policy path we have chosen assumes:

- Growth in the basic level of productive efficiency of one percent per year (arising from current levels of public and private investment, from a better-educated labor force, more efficient allocations of labor and capital, and from research and development); and

- Growth in the labor force of approximately one percent per year.

In addition, the baseline highway investment assumption is that the highway stock grows at a rate of 0.7 of a percent per year, its growth rate during 1987. This is a very conservative assumption since it is somewhat higher than the rate of change in the late 1970s and the early 1980s.

## Underlying Highway Program Assumptions

The two key components of any major new highway program, of course, are the level of spending contemplated and the source of funds.

We assume that the expanded program is financed by an increase in the federal motor fuel and truck user fees. (While a user fee increase could be phased in over several years to match the actual buildup in outlays, ARTBA has proposed that a 15 cents-per-gallon increase be initiated in Fiscal Year 1992.) [12]

We further assume that the states will provide the matching funds for the new federal grants by first reprogramming their existing highway capital spending. This is a conservative assumption in the sense that we assume no increase in capital investment beyond that of the new federal program. In particular, if the federal share of the highway program financing remains in the 75 to 80 percent range, the states would have little leeway to substitute federal for state funds. Depending on the level of federal-to-state match required by the new program, a few states would have to increase local user fees slightly in order to generate additional funds. [13]



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This spending will not occur instantaneously. States will have to step-up their design and engineering activities and the construction industry will have to adjust to the increased level of demand. Within a few years, the level of capital spending will have adjusted to a steady state.

### Economic Simulations

The economic simulations presented in this section and described in the "Technical Appendix" build upon Dr. Aschauer's recent empirical findings to determine the likely effect of three distinct future highway investment policies:

A **"Baseline/Status Quo Policy"** in which the growth rate of highway stock remains constant through the period 1988 to 2012 at the level attained in 1987;

A **"Sustained Investment Policy"** in which the growth rate of highway stock is raised during a 10-year period starting in 1992 by 0.5 of one percent over the 1987 level and stabilized at that higher level; and

A **"Transitory Investment Policy"** in which the growth rate in highway stock is raised during a 10-year period starting in 1992 by 0.5 of one percent over the 1987 level until the year 2002. After 2002 it is assumed that the growth rate of highway stock returns gradually to its 1987 level by 2012.

The "Sustained Investment Policy" scenario assumes that the purchasing power of the Federal Highway Program is maintained throughout the 20-year period. The "Transitory Investment Policy" scenario assumes that after 10 years the level of federal highway spending decreases. Once the recent period of underinvestment in highways has been reversed, a different balance between public and private capital might be called for.

## Research Findings

In presenting the results of our econometric simulations, it should be remembered that the results show changes across the whole economy. A change in average productivity would apply to the 124 million workers in the United States as a whole. Similarly, increases in profit returns and private investment levels apply to the entire economy. Thus, even though the percent changes presented may appear to be quite small, when put in context, they represent very significant -- and substantial -- effects on the economy as a whole.

## The Long-Term Effect of a Sustained Increase In Highway Investment on U.S. Productivity

Figure 1 (page 16) graphically illustrates the likely impacts of the three scenarios previously discussed on future productivity growth in the United States' economy.

### "Baseline/Status Quo Policy"

Productivity growth falls over the period 1992-1995 and then begins a very slow but steady rise until it reaches 2.2 percent per year by 2012. The fall is due to declining investment until 1995. After 1996, there is a sustained increase in the private capital/labor ratio and, consequently, in productivity growth as well.

It should be noted, however, that although national productivity improves under this scenario, it remains below post-World War II levels attained in the United States and well below the levels currently being attained by Japan and West Germany. For context, the labor productivity growth rate in the United States averaged 2.8% per year over the 20-year period 1950-1970. Recent growth has averaged less than 2% per year.

### "Sustained Investment Policy"

Implementing a Federal Highway Program of the magnitude proposed by ARTBA, should generate a $250 increase in productivity per American worker within the first 5 years of the program's initiation, in 1990 dollars. By 2012, the cumulative additional productivity achieved in the economy will result in a $3,200 (in 1990 dollars) increase in annual output per American worker, per year.

The additional public sector highway investment beginning in 1992 generates a modest improvement in productivity growth until 1995. A more substantial improvement begins in 1996. By 2002, productivity growth of 2.75% per year has been attained -- a return to post-World War II levels. This growth level remains constant for the next 10 years.

These results imply a reversal in the nation's stagnant rate of labor productivity, with productivity growth reaching half a percentage point or more above the baseline forecast of maintaining essentially a status-quo highway program. After only 10 years, national productivity would have increased to a level 2.4% higher than it otherwise would have been without the increased highway investment. After 20 years of sustained investment, productivity would have risen 7.7% above baseline projections.

To put a productivity gain of that magnitude in context, consider that a 7.7% increase in American productivity in 1990 would have resulted in $400 billion worth of additional output above that of 1989.

After 20 years of sustained highway investment at the proposed level, national productivity would be 7.7% higher than without the program. These impacts affect the entire economy and are not small. Labor productivity would be growing at 2.75% per year versus 2.2% per year without the program -- a 23% higher rate of growth.

Put another way, a large-scale, 20-year highway program such as proposed here *could add nearly $400 billion to the Gross National Product in a single year once the investment was complete.*

**"Transitory Investment Policy"**

Under this scenario, productivity growth peaks in 2003 at 2.6% per year and then falls back to the baseline path. This is because the transitory policy assumes that highway investment returns to its original level by 2012.

Even under the transitory policy, the 20-year total cumulative gain in U.S. productivity over the period 1992-2012 would be a very significant 5.7%.

To put a productivity gain of that magnitude in context, consider that in 1989 dollars a 5.7% increase in productivity would equal *an additional $2,300 in output per U.S. worker per year by 2012.* Applied to America's 124 million-person labor force, *it equals an additional $300 billion in GNP annually by the end of the first decade of the 21st Century.*

## The Long-Term Effect of a Sustained Increase In Highway Investment on Private Sector Profitability

Figure 2 (page 16) illustrates the long-term impact of the three highway investment policies on annual corporate profits.

**"Baseline/Status Quo Policy"**

Following a status quo highway investment policy, the rate of return to capital would rise only slightly over the 20-year period, 1992-2012. However, the equivalent of a $25 billion per year increase in highway investment -- either sustained or transitory -- improves this forecast markedly.

**"Sustained Investment Policy"**

Implementing and sustaining a long-term highway investment strategy over the period 1992-2012, the profit rate on private capital would have increased by 1997 from 7.9% to 8.3%. By 2012, it would have increased to 8.8%, roughly 10% better than under a baseline forecast.

In dollar terms, implementing and sustaining *this highway investment strategy would generate a $12 billion annual increase in corporate profits by 1997, and a $29 billion per year increase in corporate profits by 2012.*

**"Transitory Investment Policy"**

Implementing the proposed highway investment strategy in 1992 would cause the profit rate on private capital to rise gradually to 8.8% -- by 2003. After 2003, it gradually returns to the baseline path if highway investment were to return to its pre-1992 level.

*Figure 1*

## Highway investment and productivity

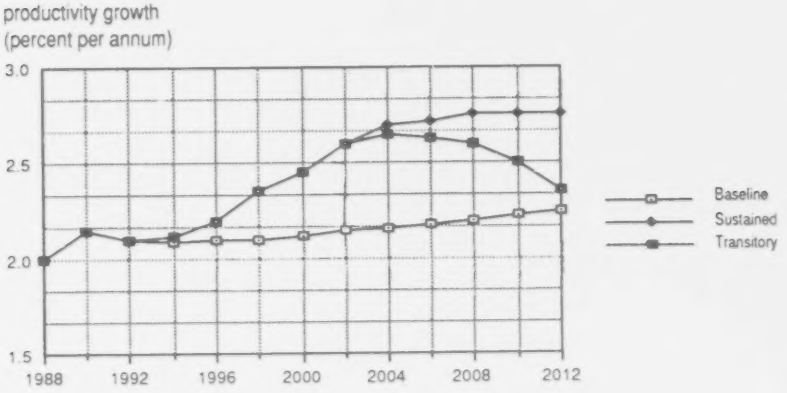
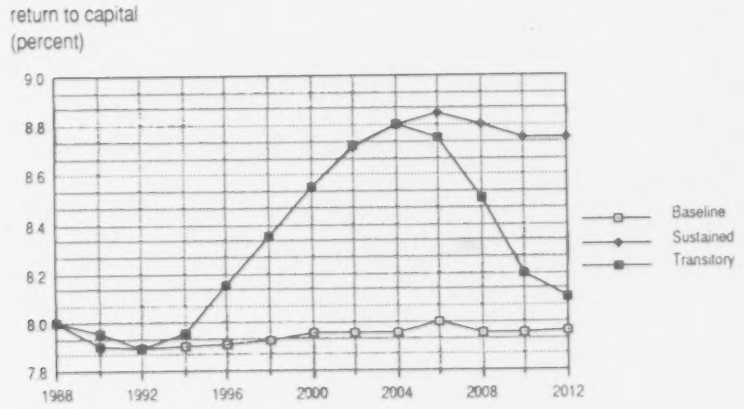



*Figure 2*

## Highway investment and profitability



## The Long-Term Effect of a Sustained Increase In Highway Investment on U.S. Private Investment

Figure 3 (page 18) depicts the likely effect of the three highway investment scenarios on private investment in plant and equipment.

### "Baseline/Status Quo Investment Policy"

Private investment could be expected to remain relatively constant during the period 1992-2012 under an extension of current highway spending level. Private investment, measured as a percent of capital stock, would remain around 3% per year. It should be noted at the outset that a negative short-term effect on private capital investment is likely regardless of how the increase in public investment is financed. For our purposes, however, one implicit assumption is that the increased public spending on highways is not financed by diverting existing public investment, but through increased highway user fees.

### "Sustained Investment Policy"

Implementing a significant increase in highway spending would depress private investment until the year 2000. In effect, the increased public spending on highways would be expected to "crowd out" some private investment. Over time, however, the expected growth in productivity and profitability will generate additional resources, thus making it possible for private investment to expand to higher levels. Starting in 2001, private investment would expand for about six years as a result of the rise in the profit rate on private capital. After 2006, the growth rate of the private capital stock levels off at approximately 3.5% per year. By 2012, however, private investment would have increased 14.8% above the baseline projection, leading to a positive $35 billion increase in annual private investment.

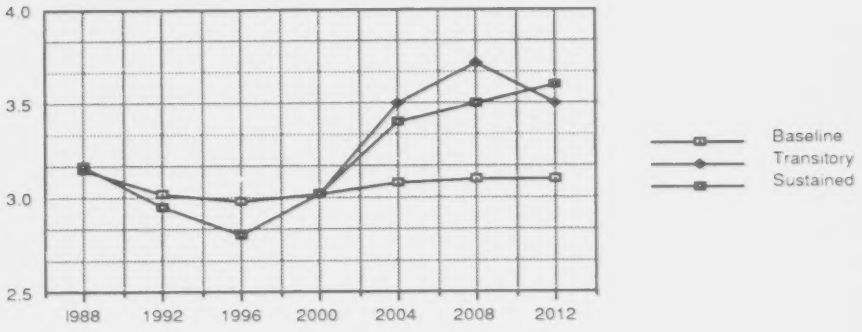
### "Transitory Investment Policy"

Under this policy scenario, private investment would be initially depressed until the year 2000. Starting in 2001, however, private investment would expand for about six years as a result of the rise in the profit rate on private capital, with the growth rate in the private capital stock reaching approximately 3.8% in 2007. After 2007 the growth rate of the private capital stock would begin a gradual return to the baseline level.

*Figure 3*

## Highway investment and private investment

(percent of capital stock)



## Policy Implications

As is the case with any application of such new results, some caution should be considered. For example, the magnitude of the effect may be smaller than that found by Aschauer. Indeed, while of the same order of magnitude, Munnell's results show somewhat less dramatic effects. Still, even if the magnitude of the effects were reduced by one half, the proposed increase in highway investments would be expected to lead to a substantial improvement in national labor productivity.

The analysis implicitly assumes that investments can continue to be found that are at least as productive as investments made in recent years. This assumption need not necessarily be true. If such investments can not be found, the projected improvements in labor productivity and corporate profits may be lower. This would affect, however, all projections (baseline, sustained and transitory). The total effect of a relaxation of this assumption cannot be assessed within the framework of this report.

This study focuses on the long-term effects of highway investments. The results ignore the short-term effects of construction spending on jobs and other industries, as these spendings ripple through the economy. It is conceivable that these short-term effects, however, may mitigate to some extent the short-term deleterious effects of the proposed program on private investment. The overall outcome may be more positive in the short-run than implied by the results of this study.

The simulation results of this study have two direct implications. One, they show the potential gains that can be obtained by redressing the two decades of underinvestment in the nation's highways and bridges. Two, they show that an effective transportation system has economic importance well beyond the immediate benefits of improved transport services.

While the focus of this paper is on the nation's highway system, the policy implications are much broader than highways and bridges. First, the results show the importance of focusing the debate over national highway (or other transportation) policy on the long-term economic impact of an adequate national infrastructure. Indeed, the effect on long-term economic health and productivity are the real reasons we should be concerned with any type of public investment.

Second, with the increasing concern over federal budget cuts and possible tax increases, it is important to remember that not all spending is equal if one considers their long-term effect on the nation's economic -- and budgetary -- strength. In particular, the results of the simulations highlight the importance of basic infrastructure for the nation's economic growth -- a fact often overlooked in annual budget discussions.

More importantly, the results of this study highlight the need to analyze the links between public and private capital formation. In particular, this study shows the importance of public capital for the profitability of private firms. This finding may have implications for tax policies (who shall pay for public infrastructure) as well as for budget allocations.

# Technical Appendix

The simulations in the text were obtained using the following methodology. The empirical results from work by David Aschauer were used to construct the following model [14]:

$$\frac{\Delta k}{k} = a_0 + a_1 \cdot \left(\frac{\Delta k(-1)}{k(-1)}\right) + a_2 \cdot r + a_3 \frac{\Delta kg}{k} \qquad (1)$$

$$r = b_0 + b_1 \cdot time + b_2 \cdot \log\,(k/n) + b_3 \cdot \log\,(kg/n) \qquad (2)$$

$$\Delta(y/n) = c_0 + c_1 \Delta(k/n) + c_2 \cdot \Delta(kg/n) \qquad (3)$$

| | | |
|---|---|---|
| Where: | k= | net fixed private capital stock |
| | r= | rate of return to private capital |
| | kg= | net fixed public nonmilitary stock |
| | n= | civilian labor force |
| | y/n= | output per laborer |
| | $\Delta$x= | absolute annual change in variable x |
| | $a_i$= | parameters |
| | $b_i$= | parameters |
| | $c_i$= | parameters |

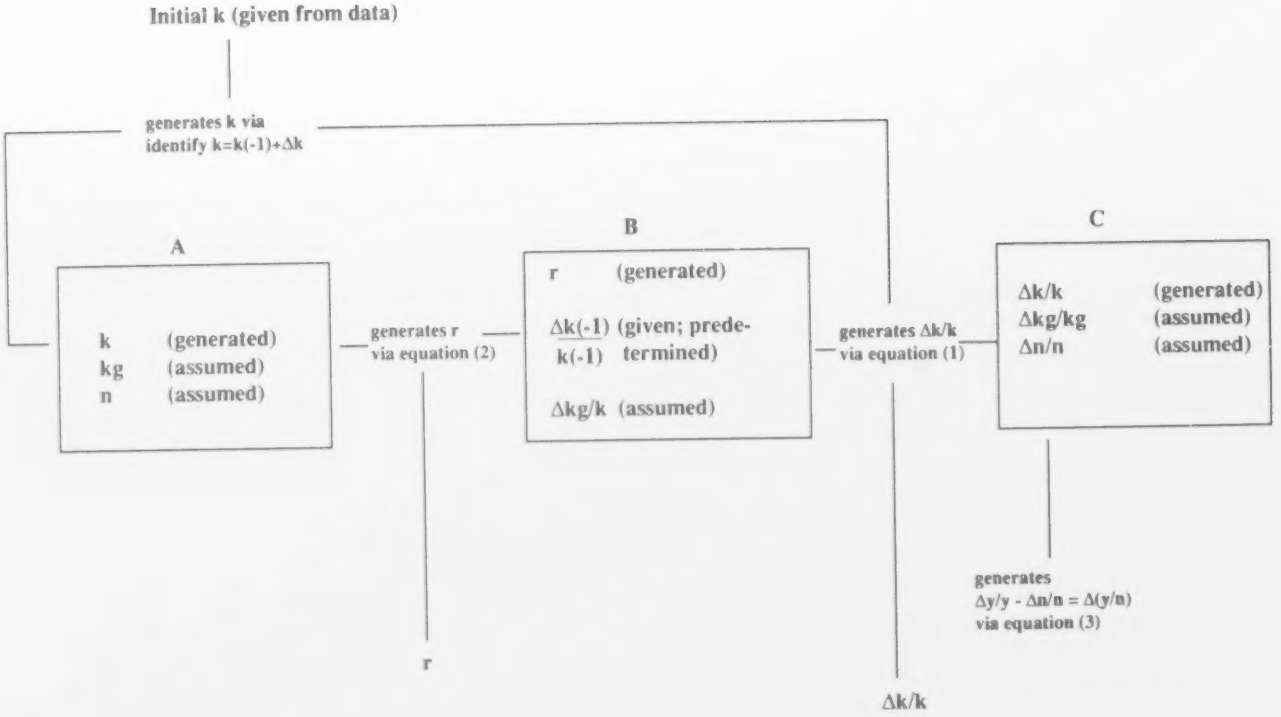
This model was then used to generate values for $\Delta$k/k, r, and $\Delta$(y/n) from 1988 to 2012. In order to do this, the end-of-year, 1987 net fixed private capital stock was used as a "start-up" value for the capital stock and various baseline assumptions were made regarding:

- future growth in and levels of the civilian labor force (taken from the Wharton Econometric Forecasting Associates (WEFA) forecast);
- future nonmilitary investment in infrastructure (the scenarios discussed in the text).

The schematic on the next page describes the dynamics of the simulation model.

To obtain 1988 values of the variables of interest, the initial capital stock is fed into box A where, along with assumed values for public

# Schematic of Simulation Process



infrastructure capital and the labor force, it determines the rate of return to capital via the equation. The output of this step is fed into box B where, along with 1987 growth in the private capital stock (predetermined) and assumed change in public capital, it determines the 1988 level of investment (actually, growth in private capital stock) via equation.

The output of this step accomplishes two functions. First, it feeds back into box A via the identity $k=k(-1) + \Delta k$ to supply the capital input necessary to help generate the 1989 rate of return to private capital, thereby perpetuating the model dynamics. Second, the growth rate of the private capital stock feeds into box C where, along with the assumed changes in the public capital stock and in the labor force, it generates productivity growth for the present period.

## Footnotes

1 Organization for Economic Cooperation and Development, *Historical Statistics: 1960-1986.*

2 For example, see *Fragile Foundations: A Report on America's Public Works*, the Final Report of the National Council on Public Works Improvement to the President and the Congress, (February 1988); and *Hard Choices*, prepared by the Joint Economic Committee (1982).

3 Federal Highway Administration, *Status and Condition of the Nation's Highways*, Report to Congress (1989).

4 David A. Aschauer, "Is Public Expenditure Productive?," *Journal of Monetary Economics*, Vol. 23, No. 2 (March 1989); and Alicia H. Munnell, "Why Has Productivity Growth Declined? Productivity and Public Investment," *New England Economic Review*, (January/February 1990), pp 3-22.

5 See American Road & Transportation Builders Association, "A Federal Highway Program for the Future: Building A Better America Through Transportation," (April 1990)

6 See *Fragile Foundations: A Report on America's Public Works*, the Final Report of the National Council on Public Works Improvement to the President and the Congress, (February 1988).

7 Federal Highway Administration, *Status and Condition of the Nation's Highways*, Report to Congress (1989).

8 See Apogee Research, "Current Literature on Highway Investment and Economic Development," prepared for the Federal Highway Administration and Presented at the International Conference on Transportation and Economic Development, Transportation Research Board, 2, Virginia (November 1989).

9 Basically, while input/output models can provide details on the interaction among many hundreds of industries, they are based on averages rather than the most advanced firms and assume a static economy. Further, the underlying data are usually several years or more out of date.

10 Apogee Research, "A Micro-Economic Approach to Highway Investment and Productivity Gains," Prepared for the Federal Highway Administration (April 1990).

11 These effects are felt in direct and indirect ways across almost every corporate function by pushing up wages (poorer access to labor),

by lowering capacity utilization (more time lost due to traffic congestion), by limiting access to markets, and so forth.

12 The projections of spending and required tax levels are based on an integrated highway spending and finance projection model developed by Apogee Research for the American Road & Transportation Builders Association.

13 See Apogee Research, "State Financial Implications of a $40 Billion Federal Highway Program," Prepared for the American Road & Transportation Builders Association (September 1989).

14 David A. Aschauer, "Is Public Expenditure Productive?," *Journal of Monetary Economics* (March 1989) and "Does Public Capital Crowd Out Private Capital?," *Journal of Monetary Economics* (October 1989).

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## Meeting America's Highway & Bridge Capital Needs

# An Analysis of the Bush Administration Proposal for Reauthorization of the Federal-aid Highway & Mass Transit Programs

American Road & Transportation Builders Association

February 1991

American Road & Transportation Builders Association

# An Analysis of the Bush Administration Proposal for Reauthorization of the Federal-aid Highway and Mass Transit Programs

## *Introduction*

On February 14, President Bush and U.S. Transportation Secretary Skinner unveiled the Bush Administration's legislative proposals for reauthorization of the federal-aid highway and mass transit programs at a White House news conference. Absent Congressional action, these programs are scheduled to expire October 1.

The Administration's proposed legislation would significantly change both programs. This document provides a detailed analysis of the Administration bill and compares it to the proposed Federal-aid Highway Program advocated by the American Road & Transportation Builders Association (ARTBA), a national federation of public and private transportation construction interests. The ARTBA proposal seeks to fully address the capital needs that were identified in the U.S. Department of Transportation's most recent report to Congress on highway and bridge conditions.

## *Overall Highway & Bridge Program Funding*

- Under the Administration proposal, the federal government would provide a total $88.4 billion to the states for highway and bridge programs over 5 years (FY92-FY96). This would mean a very modest increase in overall federal investment above the FY91 baseline level of $16.2 billion. (The current baseline includes the $14.5 billion obligation limitation, plus $1.7 billion authorized outside the ceiling, primarily for the minimum allocation and emergency relief programs and demonstration projects. The funding totals in the Administration bill include money now available outside of the obligation limitation.)

  Put another way, if Congress simply extended federal funding for highways for the next 5 years at the current level, total funding during the life of the authorization would be $80.5 billion. Thus, the Administration proposal would only authorize an additional 10 percent in total funding above the current baseline.

  Over the life of the Administration's proposal, total federal highway funding would merely keep pace with a 5 percent annual increase in inflation. (A $16.1 billion program adjusted annually for a 5 percent increase in inflation would require annual authorizations as follow: FY93, $16.90; FY94, $17.75; FY95, $18.64; and FY96, $19.57. Five-year total: $88.96 billion).

- The Administration's proposed annual authorizations are as follows:

| | | |
|---|---|---|
| FY92 | $16.1 billion | ($15.8 billion construction-related, $327 million for non-construction safety programs) |
| FY93 | $16.4 billion | ($16.1 billion construction-related, $327 million for non-construction safety programs) |

| | | |
|---|---|---|
| FY94 | $17 .0 billion | ($16.6 billion construction-related, $327 million for non-construction safety programs) |
| FY95 | $18.4 billion | ($18.1 billion construction-related, $327 million for non-construction safety programs) |
| FY96 | $20.4 billion | ($20.1 billion construction-related, $327 million for non-construction safety programs). |

**ARTBA Position:**

**The U.S. Department of Transportation's most recent report to Congress on the condition of the nation's highways and bridges suggests that a sustained investment of nearly $40 billion per year is necessary to meet capital needs on the federal-aid system. ARTBA recommends that Congress fund the Federal-aid Highway Program at the required $40 billion per year investment level.**

## *Highway Trust Fund & Revenue Issues*

- The program funding level advocated in the Administration bill would result in a $2.5 billion increase in the Highway Trust Fund's Highway Account by the end of FY96, to $13.6 billion.
- The Administration bill would extend the Highway Trust Fund through FY98.
- The Administration bill would not extend the 5 cents-per-gallon increase in the federal motor fuels excise, enacted in 1990, beyond September 30, 1995. Under the Administration proposal, beginning in FY96, federal highway user fees would revert to levels in effect on November 30, 1990—9 cents-per-gallon—as provided in the *1990 Deficit Reduction Act*.
- The Administration bill does not propose any increase in federal highway user fees to fund an expanded program.
- The Administration bill does not advocate dedicating the 2.5 cents-per-gallon in the federal motor fuels excise that is now used for non-transportation spending to the Highway Trust Fund.
- The Administration proposal does not advocate an end to the federal tax subsidy on the sale of gasohol.

**ARTBA Position:**

- **The federal highway user fees should be raised to the level necessary to finance a $40 billion per year Federal-aid Highway Program.**
- **Authorizations in the federal highway reauthorization bill should require a spend-down of the Highway Trust Fund balance to the minimum level necessary for cash-flow purposes.**
- **The Highway Trust Fund should be made permanent in recognition of the fact that there will always be a need for a substantial federal role in building and repairing a national highway and bridge network.**
- **The five cents-per-gallon increase in the federal motor fuels excise, enacted in 1990, should be made permanent, with all of the revenue dedicated to the Highway Trust Fund.**
- **The federal tax subsidy on the sale of gasohol should be eliminated.**

## *Federal vs State Responsibility: Financing A National Highway System*

- In order to qualify for federal highway funds, states are required to provide matching funds of their own. Depending on the program category, states must contribute 10 to 25 percent of a project cost. Current matching ratios result in the federal government assuming about 83 percent of the overall cost of maintaining a National Highway System. The Administration bill would lower the overall federal share to about 72 percent. Under the proposal, the states will need to raise an additional $2.6 billion per year to take advantage of federal funds.

- Here's how the Administration bill would change the federal/state matching ratios:

| Current Program | | Proposed Program | |
|---|---|---|---|
| Interstate Construction | 90% | Nat'l Highway System | 75% |
| Interstate 4R | 90% | Interstate 3-R | 90% |
| Primary | 75% | Interstate Operations | 90% |
| Urban | 75% | Urban/Rural Block Grant | 60% |
| Secondary | 75% | | |
| Bridge | 80% | Bridge | 75% |

**ARTBA Position:**

**The federal government should not retreat from its current level of financial responsibility for building and repairing the national highway and bridge network. The Administration's rationale for lowering the federal share of project costs is that doing so will provide financial leverage, thus expanding the overall program. ARTBA believes that an expanded program is more readily and efficiently achieved by raising additional highway user revenue at the federal level, rather than hoping that 50 states will individually be able to raise additional revenue. It should be recognized that in FY90 a some states were not been able to generate enough revenue to provide the matching funds necessary to put their total federal apportionment to work.**

**ARTBA believes the federal/state matching ratios should be as follows:**

- **A newly-defined National Highway System 90%**
- **Secondary System 75%**
- **Urban (Metropolitan Assistance) System 75%**
- **Bridge Program 90%**
- **Safety Construction Programs 100%**

## *Creation of a "National Highway System"*

- Currently, the Federal-aid Highway Program is composed of five major system categories: the Interstate Highway System (42,798 miles), the Primary System (258,120 miles), the Secondary System (398,329 miles), the Urban System (147,979 miles) and the bridges eligible for federal assistance. The Administration bill would consolidate and restructure these categories and put the greatest federal emphasis on upgrading and maintaining a 150,000-mile "National Highway System" of the most heavily travelled roads.

- The new National Highway System (NHS) would include the present Interstate Highway System (and any future additions to it), approximately one-third of the current mileage on the Primary System, roads that are part of the Strategic Highway Network—those that provide access to defense-related facilities—and principal urban and rural arteries. While the proposal would limit the NHS to 150,000 miles, the U.S. Department of Transportation would be given discretionary authority to include up to an additional 15,000 miles on the system.

- The creation of a NHS will require the states to reclassify many highways. In addition to Interstate System mileage, states may seek U.S. Department of Transportation approval for the inclusion of specific Primary, Secondary and Urban System mileage within the NHS. States would have until September 30, 1993 to complete the NHS designation process.

- The NHS would be funded as follows: FY92, $7.67 billion; FY93, $7.79 billion; FY94, $8.05 billion; FY95, $8.85 billion; and FY96, $11.15 billion.

**ARTBA Position:**

- **ARTBA supports the concept of the newly-defined National Highway System.**

- **Approximately 40 percent of the pavement mileage on the Interstate Highway System alone is currently in imminent need of improvements, according to the U.S. Department of Transportation's most recent report to Congress on the condition of the nation's highways and bridges.**

  **To meet these needs, annual authorizations of $17.5 billion are necessary to adequately meet capital needs on the newly-defined system and to fund a new program to upgrade highways that provide access to emerging economic centers not currently served by the Interstate System to near-Interstate standard.**

- **The federal financing share for construction and repair on the new system should be 90 percent, rather than the 75 percent proposed by the Administration.**

### *The Federal Bridge Program*

- The Administration bill would establish an apportionment program for functionally obsolete and structurally deficient bridges. A discretionary funding program would also be implemented for bridge projects on the National Highway System that exceed $10 million.

- During FY91, the federal bridge program received $1.63 billion. The Administration plan would authorize the following levels of funding for the bridge program over the life of the bill: FY92, $1.82 billion; FY93, $1.89; FY94, 2.0 billion; FY95, $2.22 billion; and FY96, $2.75 billion.

- Essentially, the level of bridge funding proposed by the Administration would be slightly above the level necessary to maintain the FY91 baseline if it was adjusted for a 5 percent annual increase in inflation. (Inflation-adjusted authorizations would be: FY92, $1.71 billion; FY93, $1.79 billion; FY94, $1.88 billion; FY95, $1.98 billion; and FY96, $2.08 billion.)

- Under the Administration proposal, the 80,000 lb. national maximum vehicle weight standard for bridges and the existing federal bridge formula would remain unchanged.

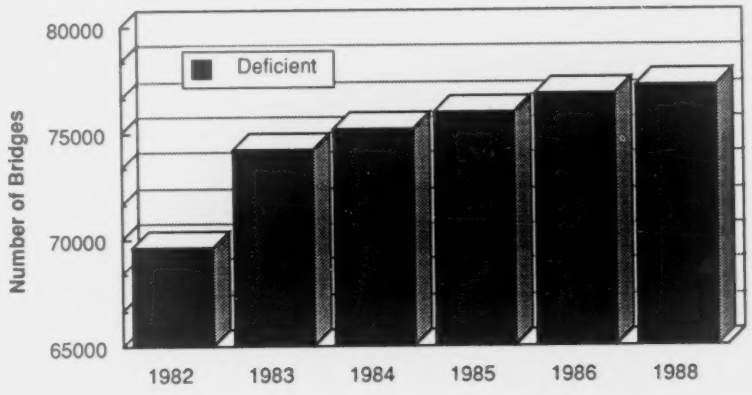
**ARTBA Position:**

- **According to U.S. Department of Transportation data, almost 30 percent of the bridges on the Federal-aid Highway System are either "functionally obsolete" or "structurally deficient." DOT estimates the cost to bring these bridges back up to standard is more than $50 billion.**

## "Structurally Deficient" And "Functionally Obsolete" Bridges On The Federal Highway System According To The U.S. Department of Transportation Report To Congress

**NUMBER OF DEFICIENT BRIDGES**

| 1982 | 1983 | 1984 | 1985 | 1986 | 1988 |
|---|---|---|---|---|---|
| 69,645 | 74,249 | 75,198 | 75,932 | 76,863 | 77,192 |




Source: *The Status of the Nation's Highways and Bridges: Conditions and Performance* Report of the Secretary of Transportation to the U.S. Congress. Part II, Page 6.

**To meet these needs, funding for the federal bridge program should be expanded to at least $5 billion per year so that all bridges on the federal system can be brought up to standard by the turn of the century.**

- **Each state should be required to develop a long-range plan that systematically addresses its bridge problems and assigns highest priority to repairing or replacing structurally deficient bridges.**

- **Set the federal/state funding ratio at 90/10.**

### *Urban/Rural Block Grant*

- In addition to creating a new "National Highway System," the Administration bill would replace the current Primary, Secondary and Urban System programs with a single Urban/Rural program. Essentially, roads and bridges that are currently on the Primary, Secondary and Urban Systems and not included in the new NHS would be eligible for block grant funding.

- The federal share of funding for highways included in the block grant program would only be 60 percent under the Administration plan. That compares to the current 75/25 matching ratio. As a trade-off for the smaller federal share, the Administration bill would allow the states to use the block grant funds for road and/or mass transit capital projects.

- The bill would also provide other flexibility to the states. Specifically, the certification acceptance program would be expanded. Under the Administration proposal, states would be able to certify, in advance, that all federal requirements would be incorporated in the project planning and approval processes. Thus, once the U.S. DOT had approved an overall state transportation plan, the states would have control over project selection and final approval.

**ARTBA Position:**

- **The current categorical programs for Secondary roads and metropolitan area street and highways should be maintained. Without categorical funding, many county road programs, particularly in states with aging mass transit systems, may see a reduction in the level of federal funds available for their utilization.**

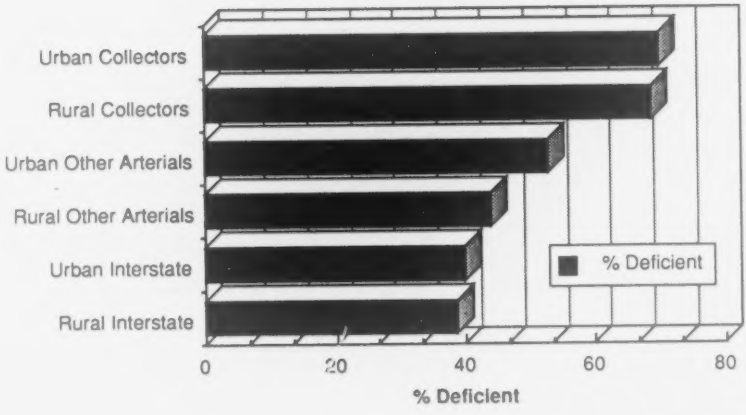
- **Nearly 70 percent of urban and rural collector roads and almost half of all other rural and urban arterials currently eligible for federal aid are in imminent need of improvements, according to the U.S. Department of Transportation's most recent report to Congress on the condition of the nation's highways and bridges (See graph on next page).**

  **To meet these needs, funding for the Secondary Program should be increased to $5 billion per year, with a 75/25 federal-to-state funding ratio.**

- **Funding for a new "Metropolitan Area Assistance Program" (Urban Program replacement that is designed to help alleviate congestion in urban/suburban areas) should be $4.5 billion per year, with a 70/30 federal-to-state funding ratio.**

## Federal Highway System Mileage In Imminent Need of Repair According To The U.S. Department of Transportation Report To Congress

**PERCENT OF MILEAGE DEFICIENT**




Source: *The Status of the Nation's Highways and Bridges: Conditions and Performance* Report of the Secretary of Transportation to the U.S. Congress. Page III-21, Table III-7.

## *Highway Safety Programs*

- The Administration proposal would increase funding for non-construction safety programs by $42 million beginning in FY92, while eliminating $330 million in annual funding for the two existing construction-related safety categorical programs.

- Currently, the Federal-aid Highway Program funds two construction-related categorical safety programs: one for hazard elimination, the other for improving rail-highway grade crossings. In FY91, these programs were funded at $170 million and $160 million, respectively. While these activities would still be eligible for federal funding under the Administration bill, the categorical programs for them would be eliminated.

  The current program also funds other construction- and non-construction-related safety activities. On the construction side, regularly apportioned highway funds may be used for safety improvements that are part of a reconstruction project or a sole safety improvement project. On the non-construction side, funds are provided for speed limit enforcement, and education programs on the dangers of drinking and driving and benefits of seat-belt usage.

- The Administration proposal would require states to spend a minimum 10 percent of their apportioned funds for the proposed National Highway System and the Urban/Rural Block Grant Program on construction-related highway safety improvements. The states would also be able to spend up to 5 percent of their Urban/Rural Block Grant funds for construction-related highway safety improvements to local and minor collector roads that are not a part of the federal system.

- The Administration bill would continue all existing non-construction safety programs and the sanction provisions for failure to comply with some federal safety mandates.

- The Administration also proposes to establish a new non-construction "Safety Bonus Program" that would be funded through a set-aside from the other highway construction and highway safety programs. To be eligible for the "bonus," states would be required to meet criteria established by the FHWA for improvement in 9 vehicle-related safety education or management areas. A minimum of $50 million would be made available to fund the "bonus" program.

- The bill would continue the National Highway Traffic Safety Administration research and development program with a $45.9 million authorization for FY92. NHTSA's research would be expanded to include Intelligent Vehicle Highway Systems.

**ARTBA Position:**

- **More than 45,000 Americans die on America's highways each year. Another 3 million are injured in accidents. And the nation is not now adequately addressing the unique highway visibility needs of an aging American population. For all of these reasons, federal highway safety funding should be increased to $2 billion per year.**

- **Continue all existing safety categorical funding programs including the Hazard Elimination and Rail-Highway Grade Crossings programs.**

- **Encourage each state to develop and implement a program that will lead to the systematic upgrading and maintenance of all traffic safety devices such as pavement markings, signage, impact attenuators and guide rail that fail to meet applicable performance and crashworthiness standards.**

- **Provide increased funding for training, education and certification for all personnel responsible for traffic control to enhance and improve safety and traffic movement in construction and maintenance areas.**

- **Require that products and services that enhance safety and improve traffic operations be included in criteria for all federal highway programs with a particular emphasis on the "3R" and "4R" programs.**

- **Prohibit the transfer of safety funds to any non-safety program.**

### *Public/Private Ventures*

- The Administration bill has several provisions that are designed to encourage private-sector participation in highway financing:

  (a) States would be allowed to use their apportioned funds for improvements to existing toll roads on the designated system and for the construction of new non-Interstate toll roads.

  (b) The proposal would permit the commingling of federal-aid with tolls and other public and/or private resources to construct new highways, reconstruct or replace existing free bridges and tunnels and reconstruct free non-Interstate highways that do not have fully-controlled access, in order to add lanes.

  To be eligible for federal construction assistance, the facilities would have to be be publicly owned, although states would be allowed to contract with private firms to design, finance, construct and operate a toll facility.

  (c) Limited indemnification of feasibility studies by private firms would also be eligible. Private participation in the state matching share would be allowed.

  (d) The bill would allow up to 35 percent of the funding for a toll road, bridge or tunnel to come from the federal government. Federal funds could be used for preliminary engineering on proposed public/private projects.

**ARTBA Position:**

- **Public, user-fee supported financing and the principle of awarding construction contracts through the competitive bidding process must remain the keystones of our national highway improvement program. In order to meet future transportation needs, however, no financing options should be overlooked. Public/private ventures in transportation have long been successful in Europe and should be thoroughly explored and implemented in the United States, where appropriate, with adequate safeguards for the competitive bidding process.**

### *Environmental Issues*

- The Administration bill seeks to minimize the environmental effects of transportation construction activity while, at the same time, assuring more expeditious federal environmental review and decision-making on projects. Mechanisms designed to improve coordination between federal agencies responsible for transportation-related environmental oversight are included in the bill.

- Eligibility rules for receiving federal funds to create wetlands banks or to fund state programs that create, conserve or enhance a wetlands habitat would be established under the Administration proposal.

- The bill would statutorily change the definition of the word "construction" to clearly allow the use of federal funds for wetlands enhancement and mitigation activities.

- Advanced acquisition of highway right-of-way would be encouraged to help minimize future consideration of environmentally-sensitive areas for highway routes.

Other environmentally-related aspects of the Administration bill would implement mandates of the new federal *Clean Air Act:*

— The Urban Transportation Planning Process would be changed to emphasize multi-modal considerations.

— Areas with a population of more than 200,000 would be required to initiate a Congestion Management System that is coordinated with the state's Air Quality Implementation Plan.

— Urban projects that offer innovative solutions to air quality and congestion problems can be given preferential treatment.

— Operational improvements on the NHS or Urban/Rural routes that help minimize congestion, such as the creation of High Occupancy Vehicle lanes, carpool projects, and signing and signalization upgrades, could receive a higher federal funding share than other capital investments.

— Urban areas with a population of more than 1 million that experience significant difficulty in meeting national air quality standards would be permitted to conduct operational tests of congestion pricing measures on federal-aid routes.

**ARTBA Position:**

- **Supports a streamlined and expedited federal environmental permit approval process for transportation construction projects.**

## *Research*

- The Administration bill would increase the federal investment in research and development programs by 110 percent, beginning in FY92, with annual authorizations rising from the current $49.4 billion to $104 million. New research emphasis would be placed on developing Intelligent Vehicle Highway Systems.
- The National Highway Institute would be continued with minor modifications.
- Three new University Transportation Center "Centers for Excellence" would be established beginning in 1992.

**ARTBA Position:**

- **Supports a $2 billion-per-year authorization for expanded federal highway research programs.**
- **Supports full-funding for the University Transportation Centers.**
- **Federal government should encourage—through special tax incentives and other means—private-sector research and development projects that have the potential to improve the quality, durability, safety and operation of the nation's highways and bridges.**

### *Disadvantaged Business Enterprise Program*

- The Administration bill would extend the DBE/WBE program through FY96 with no structural changes.

**ARTBA Position:**

- **The DBE/WBE program should be revised to ensure that it is aiding firms that are truly in need of assistance.**

### *Davis-Bacon Act Requirements*

- The Administration bill would raise the threshold for application of Davis-Bacon required prevailing wage rates from a minimum project size of $2,000 to a minimum project size of $250,000.

**ARTBA Position:**

- **Supports the Administration position on the Davis-Bacon threshold.**

### *Federal Aid for Mass Transit*

- The Administration bill would reauthorize the federal mass transit assistance program through FY96, with annual authorizations of $3.25 billion. This would represent no increase in funding above the FY91 baseline.
- Currently, about 40 percent of federal mass transit assistance is provide through the Mass Transit Account of the Highway Trust Fund. The remaining assistance is provided through the General Fund. The Administration bill would require that all federal mass transit assistance be provided through the Highway Trust Fund. This policy decision would result in a spend down of the trust fund's current Mass Transit Account balance. It would not effect the trust fund's Highway Account.
- The Administration proposal would reduce the federal funding share for mass transit projects. The federal-to-state funding ratio for formula grants would be 60/40, rather than the current 80/20. Discretionary grants would have a 50/50 matching ratio, rather than the current 75/25. Planning grants would be funded at a 75/25 matching ratio, rather than the current 80/20.

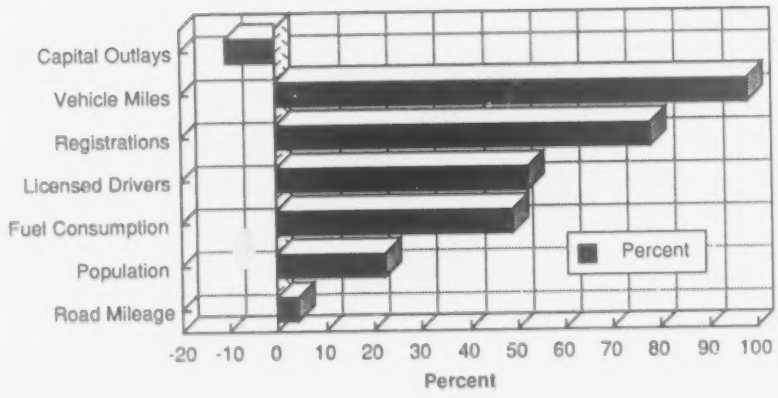
**ARTBA Position:**

- **Supports an increased level of federal funding for mass transit capital improvements.**
- **Supports a spend-down of the Highway Trust Fund Mass Transit Account.**
- **Opposes reduction in federal-to-state funding matching ratios.**

## Highway Indicator Trends As Reported By The U.S. Department of Transportation

**PERCENT CHANGE**

**1969 - 1989**




Source: *Selected Highway Statistics and Charts 1989*. U.S Department of Transportation. FHWA PL-91-001, Page 38

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Statement of William Leighty
on behalf of the
National Association of Governors' Highway Safety Representatives

before the
Surface Transportation Subcommittee
House Committee on Public Works and Transportation

April 18, 1991

I. **Introduction**

Good morning. My name is William Leighty and I am Deputy Commissioner of the Virginia Department of Motor Vehicles. I am representing the National Association of Governors' Highway Safety Representatives (NAGHSR) which, as you know, is the national association of state highway safety offices. Its members are appointed by their Governors to develop and implement their state highway safety program and to administer the federal highway safety grant programs for their respective states. The Association is primarily concerned about driver behavior issues such as impaired driving, occupant protection, pedestrian, bicycle, motorcycle safety, safety enforcement, and truck safety.

My remarks this morning will be directed at the Administration's reauthorization proposal, and I will also offer NAGHSR's suggestions for reauthorizing the federal highway safety grant programs.

II. **Analysis of DOT Highway Safety Reauthorization Proposal**

Mr. Chairman, NAGHSR's reaction to the Administration's proposed reauthorization is mixed.

On the one hand, the Association is very pleased that DOT has proposed only minor modifications to the Sec. 402 State and Community Highway Safety grant program (23 U.S.C. 402). We strongly believe that the 402 program has been a successful, effective one and has been a major contributor to the reduction in the nation's overall fatality rate. NHTSA and NAGHSR share the belief that the 402 program is the cornerstone for highway safety activities at the state level and that, without the federal grant program, very few states would have the ability or resources to undertake highway safety activities. NHTSA and NAGHSR also share the belief that the 402 program "ain't broke" and needs no fixing. We are gratified that the Administration's reauthorization position reflects that common belief.

We also believe that the Administration should be given kudos for suggesting the concept of a flexible bonus program which would provide additional incentives to states for enacting specific highway safety countermeasures. A flexible program for states that make improvements on a broad range of highway safety issues is an idea that NAGHSR has strongly endorsed. We believe that such an incentive program would eliminate the fragmented approach to highway safety which currently characterizes the federal incentive grant programs and would promote comprehensive highway safety planning and implementation at the state level. Such a program could positively motivate the states to act on highway safety matters without being just another entitlement program.



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We are also pleased that the Administration has eliminated earmarkings in the 402 program, has continued to require the minimum age twenty-one drinking age, and has required that states develop safety management plans as a condition of eligibility for highway construction funds.

Proposed Funding Levels

On the other hand, we are very concerned about and do not support the proposed funding levels, the impaired driving eligibility criteria, the specific highway safety bonus program that the Administration has proposed, and the proposed changes in speed compliance policy.

NAGHSR believes that DOT's proposed funding levels for the 402 program represents a significant step backwards for highway safety. The Administration has proposed that the NHTSA 402 program should be authorized at $115 million--an 8.7% decrease in the authorization level--and that the federal share should be dropped from 75% to 60%. The 402 program has not been funded at the full authorization level in the last **seven** years, so it is very unlikely that it would be funded at the authorized level in the future. If actual funding for the basic federal highway safety grant program falls below $100 million (excluding earmarked funds), then the funding will be so insufficient that states will not be able to maintain the achievements they have made in highway safety, nor progress further against increases in motor vehicle deaths and injuries which the National Academy of Sciences and others have projected for the future.

NAGHSR feels that the $115 million level is very inadequate given the enormity of the highway safety problem. In 1989, 46,900 people died in motor vehicle crashes--as many as were killed in the Vietnam War. In that same year, 1.7 million people were injured--140,000 of them permanently. This cost the nation a total of **$37 billion** in lost wages, medical expenses, welfare costs, and other costs. Despite the significant progress that has been made in highway safety over the last several years (as measured in the fatality rate decline from 5.2 to 2.1 deaths per 100 million miles of travel), considerably more needs to be done. More federal, state and local resources will have to be devoted to saving lives. In light of the rising balance in the Highway Trust Fund, NAGHSR believes that more resources could easily be devoted to highway safety.

We are also perplexed by the Administration's proposal to drop the federal share for the 402 program from 75% to 60%. It appears that the sole justification for this change is to ensure that the federal share is consistent with that proposed for the Urban/Rural program. NAGHSR strongly maintains that there is no reason for the federal share to be lowered since the 402 program is a seed money program. By the end of the third year of a highway safety project, all federal funding is eliminated and projects must be supported by non-federal funds. Most states require projects to have a declining share of federal funds over the three-year life of the project and an increasing share of state, local, and private sector funds during that time period. Unlike construction programs, the 402 program does **not** encourage state and local dependency on federal funds and **does** leverage state, local and private sector funds. It makes no sense, therefore, to lower the federal share.

Further, we believe that the proposed level of funding for the FHWA 402 program is inadequate. That program has been funded at a minimal level for ten years, and the Administration is proposing that the program continue at the same low level for each of the next five years. The Administration proposal ignores the growing importance the FHWA 402 program will have in the next decade. As the country's population ages and the size of the elderly population increases, there will be tremendous pressure to upgrade traffic control devices and enlarge traffic signs in order to improve safety for the aging population. Among other things, the FHWA funds can be used by states to purchase and maintain traffic signs and traffic control devices. More FHWA 402 funds will be needed, not less.

The sole increase in funding for non-construction highway safety grant programs is in the safety bonus set-aside. Total funding for non-construction programs would increase by $50 million a year above current spending levels for each of five years. (See attachment #1). Although total funding for the federal-aid highway bill would increase by $4.3 billion over five years according to the DOT proposal, funding for non-construction highway safety grant programs increase by only $500 million during that same time period. This represents only 5.8% of the total highway funding increase. Between FY 91 and 96, the federal-aid highway program will have increased by more than **$7 billion** if the Administration's proposal is enacted, yet the federal highway safety programs will receive an extremely small share of the additional funds. Non construction highway safety grant programs would continue to represent **less than 1%** of federal-aid highway funding.

NAGHSR is also extremely concerned about the Administration's proposal to level-fund non-construction highway safety programs over the five year authorization period. Funding for the NHTSA 402 program has not increased in the last seven years, as shown in attachments #2. Funding for the FHWA portion of the 402 program has not increased in the last ten years, as shown in attachment #3. In FY 91, funding for the federal-aid highway program increased by **$2.3 billion**, yet the federal non-construction highway safety grant programs did not receive **one penny** of the additional funds. If inflation were taken into account, funding for the federal highway safety grant programs would actually show a 30%-40% decrease over the last ten years. In effect, state highway safety offices have been forced to do more with considerably less.

Under the Administration's proposal, funding for the federal highway safety grant programs would continue to be "flatlined." (See attachment #4.) The NHTSA 402, FHWA 402 and the non-construction portions of the safety bonus set-aside would each remain at a constant level throughout the five-year authorization period. By contrast, the construction portion of the safety bonus set-aside would grow from $5 million in the first year to an astounding $130 million by the fifth year. By the end of the authorization period, the construction portion of the set-aside is almost double the non-construction portion. In effect, the proposed funding would tilt state administering agencies away from safety toward construction.

Impaired Driving Programs

NAGHSR is also very disappointed that the Administration did not make any changes in the two federal impaired driving incentive grant programs (23 U.S.C. 408 and 410) beyond the changes already enacted by Congress last year. The reauthorization of these programs presents a tremendous opportunity to restructure, streamline, update and target those programs on impaired driving countermeasures which will have the most impact at the state and national levels. We also believe that now is the time to replace stringent eligibility criteria with ones that are performance-oriented. This would give states the flexibility to meet national impaired driving goals in a way best suited to state needs, capabilities and resources. The Administration has chosen not to take advantage of this opportunity even though national organizations like NAGHSR and MADD support these changes.

Additionally, NAGHSR is very concerned about the proposed level of funding for impaired driving. The proposal ensures that $25 million will be spent on alcohol programs--exactly the level of current spending. Current authorization for the 408 and 410 programs is more than $50 million. Considering the fact that alcohol is involved in half of all motor vehicle fatalities, federal support for impaired driving programs should be considerably higher than current funding levels. We believe that $25 million for impaired driving is grossly inadequate and totally unacceptable.

Safety Incentive Program

NAGHSR is also very disappointed with the specific safety bonus set-aside proposal that the Administration has proposed. In order to qualify for safety bonus funds, a state would have to satisfy a number of eligibility criteria, including passage of key impaired driving laws and implementation of impaired driving programs, passage of mandatory occupant protection legislation, implementation of bicycle and pedestrian safety programs, etc. A state would be assigned credits for meeting particular criteria and would be given grants in proportion to their states' contribution to the Highway Trust Fund and to the number of points accumulated. $75 million of the bonus funds must be used for safety non-construction programs, but the remainder may be used for any program authorized under Title 23, including highway construction programs. It is our firm belief that none of the bonus funds above the $75 million earmarked portion, will be used for non-construction safety programs. In fact, in my own state, the non-earmarked funds are constitutionally required to be used for construction purposes.

A state will have to develop and implement a number of safety countermeasures in order to receive the safety bonus funds. In fact, the State Highway Safety Agencies (SHSA) are **already** advancing highway safety programs which would help the states qualify for the incentive funds. Yet, those same agencies would receive a relatively minor increase in federal highway safety grant funds while the state Departments of Transportation (DOT) would receive the lion's share of safety bonus incentive funds. In other words, the SHSA's would bear all the costs of qualifying for the incentive program yet receive very little of the benefits. The safety bonus program, in our view, is lopsided and inequitable.

The bonus program would also put tremendous pressure on state transportation agencies to take over the non-construction highway safety function in order to gain better control of the bonus grant funds. At present, only about one-third of the SHSA's are housed in state departments of transportation. Historically, state DOT's have been far more concerned about roadway safety than driver behavior. If the state highway safety programs were moved to the state DOT's, it is very likely that driver behavior programs would be given **less** attention at the state level -- not more. Although NAGHSR strongly supports the objective of encouraging SHSA's and state DOT's working much more closely together, we do not believe that the proposed safety bonus set-aside is the best way to accomplish this objective.

Speed Compliance

Finally, we are disappointed that the Administration's bill does little to address the issue of compliance with posted speed limits. The bill replaces the compliance formula with a simple self-certification requirement for speed monitoring and data collection and eliminates the earmarking for speed compliance on 55 mph roads without making it a funding priority or replacing it with any other speed public education or enforcement programs. Despite the fact that NHTSA's own studies have shown that increased speeds on rural interstates have caused an increase in the number of fatalities, DOT's proposal does little to address the problem. Taken together, DOT's proposal seems to be de-emphasizing the importance of speed compliance and backpedalling on the issue.

III. **NAGHSR's Reauthorization Recommendations**

Base Highway Safety Program

NAGHSR strongly believes that the 402 State and Community Highway Safety grant program has been a small but effective program and needs only minor fine tuning. In my own state of Virginia, the fatality rate has dropped from 5.11 to 1.70 deaths per 100 million miles of travel since the 402 program's inception, while at the same time, total vehicle miles of travel in the state have nearly tripled, the state's population has increased by 1.5 million, and the number of registered vehicles has increased by three

million. (See attachment #5.) Without the 402 program, I believe that this dramatic decline in the fatality rate could not have been achieved.

The 402 program has also been used in Virginia to successfully halt developing highway safety problems. Last year, for example, seven children were killed in motor vehicle crashes, six of whom were not in child safety seats. In August, we implemented a 402-funded, multi-part campaign to address the problem of child safety seat usage. We conducted a survey with law enforcement agencies and others in order to determine how well the state's child safety seat law was being enforced. We announced a media blitz on the issue in August and unveiled our "Please be Seated" campaign in February which encouraged citizens to report child safety seat violations to law enforcement agencies. We also doubled the number of hospitals involved in our cooperative safety seat program for indigent parents and increased our child safety-seat loaner program by one-third. As a result of these 402-funded interventions, child passenger fatalities are down to one this year.

Virginia has also successfully used 402 funds to leverage state and local dollars. If FY 90, Virginia used $80,000 in 402 funds to finance community traffic safety programs (CTSP) in three of its seven districts. These comprehensive programs target youth, senior citizens and adults and promote seat belt usage, child safety restraints, bicycle safety, defensive driving and alcohol and drug awareness. A unique feature of the CTSP's is that they rely heavily on volunteers and donated resources. The $80,000 in 402 funds was matched by $65,000 in state funds and an estimated $596,000 in volunteer time and incentives.

The Association would like to see the 402 program focused on the three major contributors to motor vehicle crashes: impaired driving, inadequate occupant protection, and speed. NHTSA should continue to identify national goals and programs (with the active participation of states and others) for each priority. Considerably more resources and attention will have to be devoted to speed compliance by NHTSA. These 402 funding priorities should be established through rulemaking and reviewed periodically, as is presently required. However, states should have the flexibility to fund highway safety countermeasures in other areas (such as bicycle safety, emergency medical services, community traffic safety programs) as long as they can identify and substantiate each highway safety problem and can submit an annual Highway Safety Plan (HSP) which outlines programs for addressing each problem.

We strongly recommend that traffic records should not continue to be treated under the 402 program as just another highway safety countermeasure. In fact, traffic records – highway safety data collection, reporting and analysis – are the basic infrastructure that supports federal and state highway safety efforts. Without adequate data, states cannot identify the most significant highway safety problems in their jurisdiction, develop an HSP that adequately addresses state highway safety needs and concerns, or evaluate the effectiveness of federally-supported state highway safety programs. Without adequate federal support, state highway safety data will continue to be incomplete and not uniform from state to state. In order to rectify these problems and place much higher priority on traffic records, NAGHSR recommends that 402-funded traffic records projects should be funded with a 100% federal match.

NAGHSR also strongly urge that the 402 program should be funded at significantly higher levels. If safety is such a high priority to the Administration and Congress, then it is time to match that rhetoric with funds. We recommend that the 402 program should be funded at $140 million in FY 92, rising to $200 million by FY 96. If this action is taken, it would restore the program to the level that it was in FY 81. We also urge that the federal share should statutorily be established at 75% and not be dropped to 60%.

With respect to the FHWA portion of the 402 program, we recommend that the program should be funded at $25 million in FY 92, with $5 additional million in each subsequent fiscal year. This action



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would allow the program to be large enough to have an impact at the state level and would increase the program commensurate with the need to improve traffic control devices for the elderly.

This increase would also help accomplish a major objective of the Administration's safety bonus set-aside – to encourage SHSA's and state DOT's to work more closely together. Under the FHWA 402 program, the State Highway Safety Agencies and the state DOT's already work together to determine which projects should be funded. Proposed projects are included in the state HSP and are submitted to NHTSA for approval. With more FHWA 402 funding, there would be more reason for the two different state administering agencies to work together and no need to have a separate set-aside to encourage this working relationship.

Impaired Driving Incentive Funds

NAGHSR recommends that the 408 and 410 incentive grant programs should be merged into a single, more streamlined and targeted program. We suggest that the eligibility criteria should be limited to the five most significant impaired driving countermeasures that will truly make a difference at the state and national level. States would be eligible for incentive funds if they had:

1) laws which would make it illegal to have a .08 blood alcohol concentration (BAC);
2) laws which would promptly suspend a person's driver's license for driving while impaired;
3) laws which would provide swift punishment for impaired drivers either through mandatory jail time or a lengthy period of community service;
4) laws which would require the use of sobriety checkpoints;
5) a self-sustaining impaired driving program.

NAGHSR also recommends that states should be allowed to waive at least one eligibility criteria based the state's past performance in the impaired driving area. For example, since alcohol is involved is approximately half of all motor vehicle crashes, then the waiver could be based on the number of fatalities that are below the 50% level. States could be allowed to waive one eligibility criteria if the number of fatalities involving impaired drivers with BAC of .10 (the level at which a driver is deemed to be impaired in most states) or above were between 40% and 45% of all fatalities. States could be allowed to waive two of the eligibility criteria if the number of impaired driving fatalities were less than 40% of all fatalities. (States would be required to use fatality data as reported in the Fatal Accident Reporting System [FARS].) The performance-based waiver would give the states greater flexibility to address the impaired driving issue in a way best suited to state needs and resources. The waiver would give states credit for reducing the number of impaired driving fatalities in their state without penalizing them for failing to implement very specific programs or processes.

The Association urges that the impaired driving incentive program should be authorized for no less than three years at a level of $25 million in the first year and $50 million thereafter. The federal share for the program should be 75%.

Occupant Protection Incentive Program

NAGHSR recommends that a federal occupant protection incentive program should also be established. In the first year of the program, funds should be made available to states that have a mandatory occupant protection law for all front seat occupants of passenger vehicles as well as a mandatory motorcycle helmet law for riders of all ages. States should be eligible for additional laws in subsequent years if they satisfied specific occupant protection and motorcycle use levels in each subsequent year (e.g. 50% safety belt use and 75% motorcycle helmet use.) States would be required to use the incentive grant funds for the development and implementation of occupant protection education, training, public information and enforcement programs. NAGHSR recommends that this incentive

program should be authorized for not less than three years at a level of $25 million in the first year and $50 million thereafter. The federal share should be 75%.

Funding Proposal

NAGHSR would like to offer an option for funding all the non-construction federal highway safety grant programs. We recommend that all the non-construction programs should be funded by earmarking a portion of the federal-aid highway program for highway safety. A two percent earmarking of $15.829 billion (the Administration's proposed funding level for FY 92) would yield $318 million -- an ample amount to cover the costs of the non-construction highway safety programs. Future funding would rise and fall in keeping with the funding for the federal-aid highway program. This would ensure that safety is an integral part of the federal program, not just an afterthought.

Speed Compliance

In the surface transportation reauthorization legislation, we sincerely hope Congress will correct the problems caused by the national maximum speed limit compliance requirements. Current law considers states out of compliance if more than 50% of a state's motorists exceed the posted 55 mph speed limit. Noncompliant states may be forced to forfeit up to 10% of their primary, urban and secondary system funds. The sanctions do not apply to the forty-one states that have increased their speed limit to 65 mph. Furthermore, 55 mph states are required to monitor and report speed data to the Department of Transportation, while 65 mph are not.

This bifurcated approach to compliance has caused two inadvertent, potentially harmful consequences. For one, it has created a disincentive for states to retain their posted speeds at 55 mph and an incentive for states to raise their speed limits. Second, it has caused states with some of the lowest fatality rates in the nation to face severe sanctions for failing to promote highway safety. In NAGHSR's viewpoint, the current compliance formula is not working and needs to be altered.

NAGHSR urges Congress to address this inequitable situation by:

- requiring all states to monitor and report speeds on all Interstate miles and to submit speed-related statistics to the Department of Transportation. This would generate the necessary data with which to determine whether or not increased speeds adversely impact safety;

- developing a weighting scheme which would take into account the vehicle miles of travel within each state, the seriousness of the speed violation, the enforcement efforts undertaken by the state, and the relative safety of different types of highways. This would allow the formula to take other factors into account which affect speed compliance;

- giving the states maximum flexibility in the implementation of a compliance program, either by phasing in the compliance threshold over a multi-year period, or by adjusting the threshold by a fixed percentage (e.g. 10 percent) in order to compensate for monitoring and sampling errors. This would give the states the flexibility they need to adjust to a revised compliance formula;

- establishing speed incentives encouraging states to increase and strengthen their efforts to enforce the national speed limit instead of sanctions for failing to enforce it.

This approach is consistent with the one recommended by the Government Accounting Office in its 1988 report to Congress and with the approach that was earlier considered by the Surface Transportation Subcommittee. NAGHSR believes that it would eliminate the inequities in the current formula while encouraging greater compliance.

Mr. Chairman, this concludes my remarks. I greatly appreciate the opportunity to appear before the Subcommittee and express NAGHSR's views on highway safety reauthorization issues. The Association has had an excellent working relationship with you and your capable staff, and we look forward to working collaboratively with you as a reauthorization proposal moves through the legislative process.

*Attachment 1*

*NONCONSTRUCTION HIGHWAY SAFETY GRANTS*
*(in millions)*

| | FY '91 enacted | FY '92 requested | FY '96 proposed |
|---|---|---|---|
| NHTSA 402 grants | 114.65 | 115 | 115 |
| FHWA 402 grants | 10 | 10 | 10 |
| 408 Alcohol Incentive Grants | 25 | 0 | 0 |
| 410 Alcohol Incentive Grants | 5 | 0 | 0 |
| Safety Bonus Set-Aside (non construction) | N/A | 75* | 75 |
| TOTAL | 150 | 200 | 200 |
| DIFFERENCE | 50 | 0 | 0 |

**The safety bonus set-aside replaces the 408 and 410 incentive grant programs. The bonus program is authorized in four separate places in the DOT reauthorization in the following manner:*

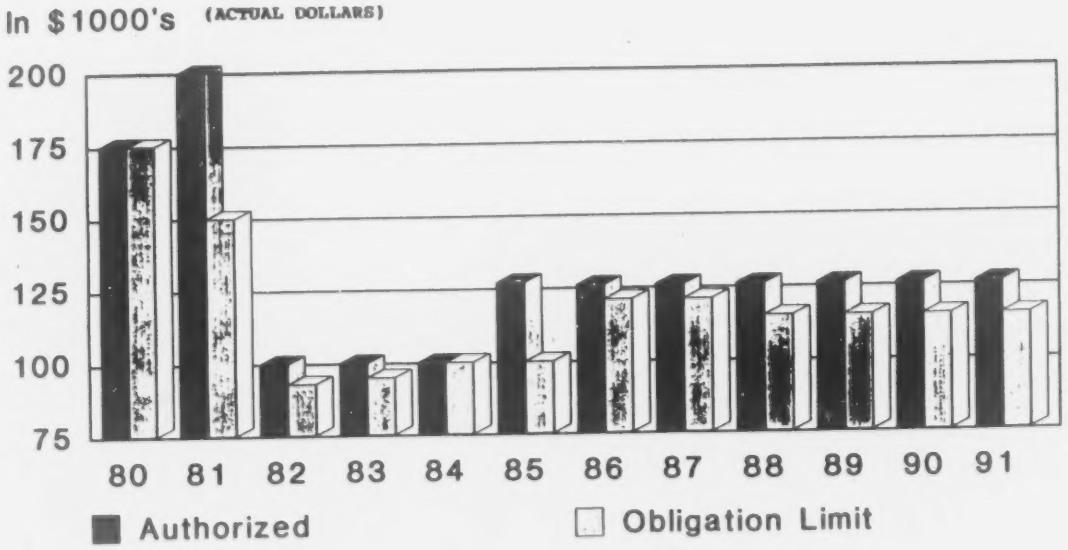
| | (millions) |
|---|---|
| NHTSA 402 | 25 |
| FHWA 402 | 25 |
| 408/410 | 25 |
| TOTAL | 75 |

*Funds are aggregated and may be spent on for any 402-related purpose; however at least $25 million must be spent on impaired driving programs.*

ATTACHMENT 2

# Highway Traffic Safety Grants

## Section 402 Authorizations and Obligation Limits

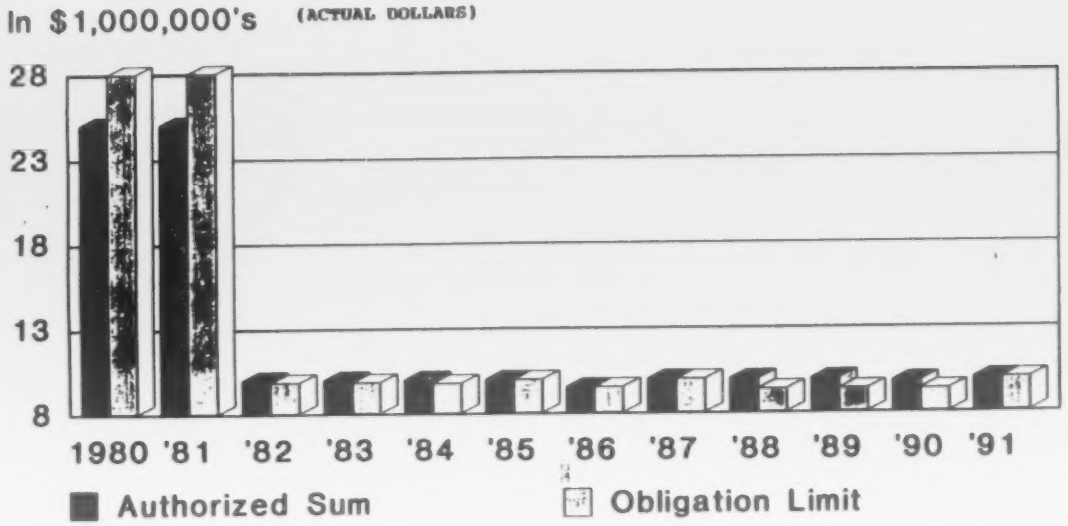



SOURCE: U.S. Department of Transportation

ATTACHMENT 3

# Highway Safety Program Funding

## Section 402 - FHWA Portion




SOURCE: U.S. Department of Transportation

**ATTACHMENT 4**

**HIGHWAY/TRANSIT AUTHORIZATION LEVELS**
**BY BILL TITLE (DOLLARS IN MILLIONS)**

| PROGRAM | FY 1992 | FY 1993 | FY 1994 | FY 1995 | FY 1996 | 5-YR. TOTAL |
|---|---|---|---|---|---|---|
| **TITLE I** | | | | | | |
| National Highway System | 7672 | 7795 | 8056 | 8855 | 11158 | 43536 |
| Urban Rural Program | 3900 | 3960 | 4135 | 4540 | 5710 | 22245 |
| Safety Bonus Setaside | -5 | -55 | -80 | -105 | -130 | -375 |
| Bridge: | 1820 | 1895 | 2000 | 2200 | 2750 | 10685 |
| Apportioned | -1590 | -1615 | -1670 | -1840 | -2310 | -9025 |
| Discretionary | -230 | -280 | -330 | -380 | -440 | -1660 |
| Interstate Completion | 1800 | 1800 | 1800 | 1800 | 0 | 7200 |
| Boston I Projects (non-add) | -100 | -800 | -800 | -850 | 0 | -2550 |
| Interstate Subs. (hwy.) | 240 | 240 | 240 | 240 | 0 | 960 |
| Emergency Relief | 100 | 100 | 100 | 100 | 100 | 500 |
| Federal Lands: | 290 | 296 | 305 | 332 | 369 | 1592 |
| Forest Highways | -100 | -102 | -105 | -114 | -127 | -548 |
| Park Roads | -95 | -97 | -100 | -109 | -121 | -522 |
| Indian Reservation Roads | -95 | -97 | -100 | -109 | -121 | -22 |
| Highway Tax Compliance Project | 0 | 13 | 13 | 13 | 13 | 52 |
| **Right-of-Way Revolving Fund, FHWA | 0 | 0 | 0 | 0 | 0 | 0 |
| *Univ. Trans. Centers, FHWA | 7 | 7 | 7 | 7 | 7 | 35 |
| TITLE I - TOTALS | 15829 | 16106 | 16656 | 18107 | 20107 | 86805 |
| **TITLE II** | | | | | | |
| FHWA 402 | 35 | 35 | 35 | 35 | 35 | 175 |
| Safety Bonus Setaside | -25 | -25 | -25 | -25 | -25 | -125 |
| NHTSA 402 | 140 | 140 | 140 | 140 | 140 | 700 |
| Safety Bonus Setaside (Section 402) | -25 | -25 | -25 | -25 | -25 | -25 |
| *NHTSA Section 403 | 45.869 | 45.869 | 45.869 | 45.869 | 45.869 | 229.345 |
| Alcohol Safety (Section 403) | 25 | 25 | 25 | 25 | 25 | 125 |
| *Vehicle Safety & Cost Savings | 75.207 | 75.207 | 75.207 | 75.207 | 75.207 | 376.035 |
| *National Driver Register (Section 407) | 6.131 | 6.131 | 6.131 | 6.131 | 6.131 | 30.655 |
| TITLE II - TOTALS | 327.207 | 327.207 | 327.207 | 327.207 | 327.207 | 1636.035 |
| **TITLE III** | | | | | | |
| Motor Carrier Safety Assistance | 60 | 80 | 100 | 100 | 100 | 440 |
| *Motor Carrier Safety | 49.317 | 49.317 | 49.317 | 49.317 | 49.317 | 246.585 |
| TITLE III - TOTALS | 109.317 | 129.317 | 149.317 | 149.317 | 149.317 | 686.585 |

SOURCE: U.S. Department of Transportation

## ATTACHMENT 5

| STATE | VIRGINIA | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| YEAR | TOTAL CRASHES | FATAL ACCIDENTS | FATALITIES | INJURY ACCIDENTS | INJURIES | PDO ACCIDENTS | LICENSED DRIVERS | REGISTERED VEHICLES | POPULATION | V.M.T. | FATALITY RATE | UNITED STATES FATALITY RATE PER MVMT |
| 1966 | 116,275 | 908 | 1,106 | 27,761 | 41,849 | 87,606 | | 2,077,455 | 4,456,000 | 21,640 | 5.11 | 5.5 |
| 1967 | 111,061 | 1,005 | 1,223 | 28,743 | 43,122 | 81,313 | | 2,166,990 | 4,508,000 | 23,659 | 5.17 | 5.26 |
| 1968 | 120,437 | 1,036 | 1,218 | 30,146 | 45,693 | 89,255 | | 2,285,833 | 4,558,000 | 25,614 | 4.76 | 5.19 |
| 1969 | 131,599 | 1,117 | 1,394 | 31,846 | 48,050 | 98,636 | | 2,159,691 | 4,614,000 | 26,951 | 5.17 | 5.04 |
| 1970 | 136,923 | 1,066 | 1,231 | 32,296 | 48,354 | 103,561 | | 2,271,502 | 4,651,448 | 28,418 | 4.33 | 4.74 |
| 1971 | 144,407 | 1,054 | 1,218 | 33,577 | 50,051 | 200,172 | | 2,409,000 | 4,753,000 | 30,504 | 3.99 | 4.46 |
| 1972 | 155,257 | 1,100 | 1,256 | 35,600 | 52,517 | 217,172 | | 2,604,354 | 4,828,000 | 32,717 | 3.84 | 4.33 |
| 1973 | 157,637 | 1,048 | 1,220 | 36,070 | 52,378 | 220,449 | | 2,758,120 | 4,907,000 | 34,664 | 3.52 | 4.12 |
| 1974 | 144,537 | 916 | 1,050 | 33,715 | 48,144 | 201,151 | | 2,781,690 | 4,978,000 | 33,634 | 3.12 | 3.53 |
| 1975 | 127,187 | 897 | 1,030 | 35,266 | 50,476 | 165,963 | 3,039,739 | 2,803,437 | 5,056,000 | 34,641 | 2.97 | 3.35 |
| 1976 | 129,479 | 899 | 1,020 | 36,967 | 53,120 | 166,662 | 3,104,443 | 3,012,080 | 5,133,000 | 36,710 | 2.78 | 3.25 |
| 1977 | 142,270 | 998 | 1,145 | 39,802 | 57,389 | 185,200 | 3,223,503 | 3,120,583 | 5,206,000 | 38,105 | 3.00 | 3.26 |
| 1978 | 135,889 | 967 | 1,080 | 41,434 | 61,456 | 162,760 | 3,319,538 | 3,236,655 | 5,284,000 | 39,250 | 2.75 | 3.26 |
| 1979 | 128,805 | 920 | 1,014 | 40,328 | 59,313 | 150,381 | 3,420,909 | 3,434,859 | 5,325,000 | 38,478 | 2.64 | 3.34 |
| 1980 | 116,382 | 938 | 1,045 | 39,455 | 58,036 | 129,249 | 3,507,580 | 3,716,437 | 5,347,000 | 37,163 | 2.81 | 3.35 |
| 1981 | 117,981 | 907 | 1,012 | 40,785 | 59,788 | 130,469 | 3,582,596 | 3,823,055 | 5,431,200 | 36,348 | 2.78 | 3.17 |
| 1982 | 112,474 | 782 | 881 | 40,480 | 59,657 | 122,242 | 3,641,276 | 3,856,872 | 5,485,000 | 39,396 | 2.24 | 2.76 |
| 1983 | 113,672 | 802 | 900 | 43,359 | 63,284 | 122,192 | 3,711,206 | 3,925,593 | 5,556,000 | 41,920 | 2.15 | 2.58 |
| 1984 | 123,356 | 923 | 1,014 | 47,272 | 69,306 | 131,311 | 3,772,441 | 4,099,966 | 5,636,000 | 44,904 | 2.26 | 2.57 |
| 1985 | 133,326 | 893 | 980 | 50,625 | 74,585 | 81,490 | 3,819,563 | 4,292,749 | 5,702,000 | 47,621 | 2.06 | 2.47 |
| 1986 | 140,564 | 997 | 1,118 | 53,564 | 79,188 | 85,983 | 3,953,628 | 4,514,377 | 5,795,000 | 51,725 | 2.16 | 2.47 |
| 1987 | 145,473 | 906 | 1,022 | 53,925 | 80,114 | 90,642 | 4,070,041 | 4,660,657 | 5,914,000 | 55,317 | 1.85 | 2.43 |
| 1988 | 144,319 | 969 | 1,069 | 52,970 | 77,735 | 90,380 | 4,146,101 | 4,752,331 | 6,015,000 | 57,453 | 1.86 | 2.4 |
| 1989 | | 916 | 1,002 | | | | 4,249,563 | 4,887,607 | 6,098,000 | 58,064 | 1.73 | 2.2 |
| 1990 | 124,801 | 874 | 954 | 56,648 | 80,650 | 61,867 | 4,304,391 | 5,002,074 | 6,100,000 | 56,016 | 1.70 | |

STATEMENT

OF

R. V. DURHAM, DIRECTOR

OF

FREIGHT DIVISION

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

REGARDING

1991 HIGHWAY REAUTHORIZATION

APRIL 18, 1991

Mr. Chairman, my name is R. V. Durham. I am Vice President and Director of the National Freight Division of the International Brotherhood of Teamsters. The Teamsters Union represents hundreds of thousands of men and women in virtually every sector of the trucking industry. The Freight Division, which I now head, represents more drivers of heavy trucks than any organization in this country.

In addition, the Teamsters Construction and Building Materials Division represents thousands of workers engaged in highway construction. The highway reauthorization legislation which this committee will consider will have a direct impact on the careers of those Teamster members.

It has been my privilege to appear before this Committee many times over the years, in my previous role as Director of the Safety and Health Department of the Teamsters Union. My present duties, which have included the negotiations for the recently concluded

National Master Freight Agreement, have certainly not diminished my concern for truck safety. In fact, if anything, they have brought into sharper focus the connection between economic considerations and safety practices in this industry. I am here today to talk about both of these types of concerns -- both truck safety and economic matters that affect our members in the trucking industry.

Before I relate our specific legislative concerns, I would like to update you on truck safety gains accomplished in the 1991 National Master Freight Agreement. The Teamsters Union has a history for nearly two decades, of using the collective bargaining process to gain significant safety and health gains for our members. In most cases, the Union and the motor carriers who are parties to this agreement have set the standard for safe operation in this industry. In many cases, the requirements of the National Master Freight Agreement far exceed protections afforded by Department of Transportation regulations.

This year we were fortunate in agreeing with the carriers to a number of safety and health gains important to our members. Two of these are related to double trailer operations: Required safety procedures when it is necessary to pull empty converter dollies behind bobtail tractors; and language to assure that the snubbers, which take the play out of pintle hook connectors on doubles, will be in good working order. We also negotiated heated mirrors, which are important to our members who drive in winter weather conditions. Additionally, the carriers agreed to phase out diesel forklifts to end significant health concerns for our members who work on freight docks.

**DEREGULATION IN THE 1990'S**

The position of the International Brotherhood of Teamsters on motor carrier regulation has been clearly stated over the last ten years in testimony before this Committee. Deregulation has spawned numerous bankruptcies, introduced mindless price-cutting, forced early retirement and unemployment on Teamsters, and ruined an industry with a proud heritage. The provisions of the

Administration bill and H.R. 1064 continues the march down this path.

Proponents of deregulation claim huge economic benefits to consumers and the American economy. However, they turn a blind eye to the continued bankruptcies and the lack of enforcement of the Motor Carrier Act of 1980 by the Interstate Commerce Commission. Safety problems, hazardous material incidents, garbage backhauling, uncounted hours of service violations, are the spoiled fruits of deregulation. The Administration and the Hastert bill only promise these benefits to intrastate commerce. We urge you to reject this ill-advised proposal.

**LONGER COMBINATION VEHICLES**

Mr. Chairman, the trucking industry is a highly competitive industry. If you increase truckers fuel costs, as is contemplated in the reauthorization bill, the motor carriers' ability to pass those costs on to shippers is limited. They have to find cost savings somewhere: either by cutting labor costs -- the wages,

pensions and health insurance benefits of our members; or by finding savings somewhere else in their operating costs.

This year the industry's response to the prospect of higher fuel taxes is: "Productivity Increases." Above all else, what they are really talking about is: Bigger Trucks.

Mr. Chairman, it is an open secret that there are elements in the trucking industry who are plotting a strategy to gain legislative approval, at both the federal and state levels, to greatly expand the use of longer combination vehicles on our nation's highways. I want you to know that the International Brotherhood of Teamsters opposes any such expansion beyond those states in which LCVs are presently permitted. Of course, we have a job security interest in this issue. But we also have several very serious highway safety concerns about triple trailer trucks and turnpike doubles (tractors pulling two trailers, up to 48 feet long each).

One very real concern of our members deals with the phenomenon

known by engineers as rearward amplification. This is the "crack-the-whip" effect, where a small steering adjustment by the driver is amplified with each trailer that follows it. Our members experience this with regular doubles -- two 28 foot trailers. This was such a significant issue that we have negotiated safety language in our National Master United Parcel Service Agreement and our National Master Freight Agreement to reduce the problem of rearward amplification of twin 28 foot trailers.

Mr. Chairman, you will hear a great deal about the safety record of longer combination vehicles in the few states where they are now permitted. Primarily, these vehicles operate in the western U.S., on routes where there is relatively light traffic. We do not believe that the same safety record would be possible in other states that are more densely populated, or where road structures are not as modern as those in the West. The handling characteristics of longer combination vehicles, which can be forgiven to an extent on wide open, lightly traveled roads, will be

less tolerable in more demanding environments where there is less margin for error. For example, our members who operate triple trailers on the Kansas Turnpike do not make as many evasive actions and quick steering maneuvers as our members who drive on the New Jersey Turnpike. If the door is opened for these longer combination vehicles, this crack-the-whip effect which results from such maneuvers will take on a whole new dimension. Other safety problems like trailer sway would also be more serious on more crowded highways.

One safety concern among our members who are currently operating triples out West is that many of the tractors used to pull triples do not have enough power to maintain the minimum speed on grades. If this is a problem on relatively open, lightly traveled highways, it will be a much greater problem if longer combination vehicles are allowed in densely populated states, where there are more cars and trucks on the highways and fewer opportunities for other drivers to maneuver around slow moving

trucks safely.

Mr. Chairman, brake timing, balance, and adjustment are critical safety issues on all heavy trucks. These concerns become magnified on longer combination vehicles. The longer the vehicle and the more trailers involved, the more difficult brake maintenance for the entire combination becomes. This will be especially significant when combination vehicles come from different companies and are maintained by different mechanics.

Anti-lock brakes on both tractors and trailers could reduce the safety concerns related to braking performance of longer combination vehicles. But frankly, Mr. Chairman, given the track record of this deregulated industry, we are not optimistic that those who are seeking "productivity" increases would be willing to make the necessary investments in the safest equipment.

Mr. Chairman, over the past few years we have seen the truck size commitments of the Surface Transportation Assistance Act almost completely undermined. In the process, shipper and motor

carrier interests have perfected a state by state legislative strategy that we believe is about to be repeated.

The Surface Transportation Assistance Act provided a uniform maximum trailer length of 48 feet, with relatively few exceptions. Instead, the reality today is that we have virtual uniformity on a maximum trailer length of 53 feet. There are more states with trailer lengths beyond 53 feet, than there are states which still adhere to the 48 foot length. And those remaining states are under tremendous political pressure from industry and shipper groups to adopt the 53 foot rule.

This has been possible because of the abuse of equipment grandfathering provisions, and because shipper and trucking interests were able to go to state legislatures one-by-one and achieve a kind of domino effect by the use of economic blackmail. These states were threatened with loss of business and jobs, because shippers would locate in neighboring states with a more favorable transportation environment that included 53 footers.

I believe that this is the same kind of scenario that we can

expect to see played out in the states in the next few years -- except that the object of industry's desire will not be longer single trailers, but longer combination vehicles: triples and long doubles. The industry request of Congress will not be in the nature of a national mandate of these vehicles, but instead they will request a few seemingly modest adjustments in the laws to allow individual states the "flexibility" to "make up their own minds" on these matters.

But in reality, this flexibility coupled with tremendous localized political pressure will leave us with a nationwide network of triple trailers or twin forty-eights.

Mr. Chairman, we urge you not to adopt such a permissive approach to this very serious matter of highway safety. Individual state governments have neither the resources nor the legal authority that they would need to implement laws and safety regulations which would be needed to mitigate the safety risks associated with these larger trucks. Please, do not give the states the burden of trying to deal with demands for long

combination trucks one-at-a-time.

## THE MOTOR CARRIER SAFETY ASSISTANCE PROGRAM

The reauthorization of the Motor Carrier Safety Assistance Program (MCSAP) will before your Committee this year. This is clearly one of the greatest success stories among recent truck safety initiatives. The Teamsters Union is proud of its consistent support for this program. We hope that Congress will fund it a significantly higher level in the coming years. Additional funding should be utilized to increase the number of roadside truck safety inspections that occur across the country.

Mr. Chairman, we are well aware that there is some sentiment for redirecting the MCSAP to tasks different from those at which MCSAP has proven so effective. This troubles us a great deal. If Congress feels that more traffic enforcement or drug enforcement is desirable, those initiatives should be funded separately.

We do see an appropriate role for MCSAP in enforcement of certain Commercial Driver's License requirements. This is a natural extension of current MCSAP enforcement of driver requirements such as possession of a current log book, possession of a DOT medical card, and compliance with hours-of-service regulations. However, as MCSAP expands its examination of the driver, we must remind you that the driver is an extension of the motor carrier. It is the motor carrier who determines the qualifications of the drivers it employs. It is the motor carrier who holds the economic power over whether a driver accepts a vehicle or a load. It is the motor carrier who can influence a driver's speed or adherence to hours of service regulations. The people who hold such power should ultimately be responsible for safe operation of their employees and vehicles. Therefore, if you decide to assign new driver-related functions to the MCSAP program, we urge you to keep the enforcement focus on the motor carrier. Do not let an expansion of MCSAP slip into something that becomes punitive to drivers.

Mr. Chairman, we wholeheartedly support DOT's efforts, through the MCSAP funding process, to insure that states adopt safety regulations for intrastate trucking that are compatible with the Federal Motor Carrier Safety Regulations. We believe that DOT has successfully used MCSAP funding as a carrot to persuade most states to effectively regulate intrastate trucking. However, there is room for improvement: When faced with a disagreement over state compatibility, DOT has in some cases been too quick to "blink". The most blatant example of this problem is the hours of service regulations in California. While California's MCSAP inspectors enforce federal hours of service regulations in interstate commerce, they must pass intrastate drivers who often have much more driving and on-duty time. This occurs because California permits its intrastate drivers to drive a full two hours longer per work shift. California allows an extra hour of duty time per shift. And California has no limit at all on the maximum number of hours that intrastate drivers can be on duty in a single week. As a consequence, our members in California intrastate commerce

complain of being required to drive in a fatigued condition. Our California local unions report that some other intrastate drivers, without the benefit of a union to represent them, are required to work even longer hours than our members. An intrastate driver can legally drive, in some cases, after working 100 hours in a week's time. This dual system poses a serious safety hazard to our members and the motoring public.

We also feel that DOT at times is excessively permissive in terms of what they accept as compatibility with the Federal Motor Carrier Safety regulations. Again, differences in hours of service regulations provide the most glaring example. DOT considers a state's hours of service rules for intrastate drivers to be compatible if that state allows intrastate drivers as much as twelve hours per shift of driving time, compared with ten hours for interstate drivers. Those extra two hours behind the wheel are more than a technical difference. They pose a serious safety hazard.

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**DRUG TESTING**

Mr. Chairman, the International Brotherhood of Teamsters has been working together with many of the largest motor carriers for the past six years on a collectively bargained program of drug testing for truck drivers. The program that we have developed, which provides not only for drug testing but also for rehabilitation of drivers who admit to having a substance abuse problem or who test positive, is a reasonable and balanced response to the danger that illegal drug use poses in the trucking industry. I want to mention two aspects of this program about which we are especially proud: (1) Our carriers contains a number of features which surpass government requirements in protecting the rights and interests of our members. (2) Only a very small number of our members -- as low as two or three out of every one thousand drivers -- test positive. I believe this says a lot about the character and professionalism of Teamster drivers, especially compared with other segments of this industry and the work force as a whole.

I want to compliment the Department of Transportation on one particular aspect of their drug testing programs. That is the procedural rule, commonly know as the "Part 40 Rule," issued by the Office of the Secretary of Transportation. This provides detailed guidelines for work place drug testing programs on sample collection under proper chain of custody, how laboratories should analyze samples and report results, and how Medical Review Officers should perform their important roles in this process. The Office of the Secretary is to be commended for the job it has done in developing these practical and effective safeguards and procedures. We have recommended the use of this rule as a guideline in many work place drug testing programs that are not subject to the DOT regulations. In fact, the Teamsters Union is a strong supporter of Congressional legislation to mandate that procedures like those spelled out in the Part 40 Rule should be followed in all work place drug testing that takes place in any industry, throughout the United States.

I especially want to speak in favor of the role of the Medical

Review Officer, as outlined in the drug testing rules promulgated by the Office of the Secretary of Transportation. This requirement, to have a doctor who is knowledgeable about drug testing review all laboratory reports and discuss positive lab results with the worker before reporting to the employer, has been one of the most important innovations in drug testing in recent years. We believe that in our collectively bargained drug testing programs, having medical review officers review all drug testing results has significantly improved the quality of these programs, and protects of our members against being wrongfully accused of being drug users. We also believe that this medical review office step has greatly reduced the need for our grievance committees to deal with some of the highly technical questions that can arise in contested drug testing cases.

Another aspect of drug testing on which I want to compliment the Office of the Secretary of Transportation is with regard to the split sample procedure. When DOT first issued its drug testing rules, they did not specifically provide for a split sample. The

union and management asked the Department to reconsider and allow for the split sample drug testing procedure which was already in use in our collectively bargained drug testing program prior to the DOT regulations. To its credit DOT looked at our practical experience in the area, saw its benefits and made adjustments in their rules to accommodate us.

One area of the Federal Highway Administration's drug testing rules, that needs adjustment is the pre-employment drug testing requirements as they apply to drivers who work out of Union hiring halls. This has caused a lot of confusion and difficulty for our Local Unions and for the employers who use drivers referred from these hiring halls. There is just not a good fit between these rules and the working conditions of these drivers. These drivers may work a few days here and a few weeks there. Generally they have a pretty steady employment record in terms of their relationship with the hiring hall. We have asked the Federal Highway Administration to take another look at this problem.

Mr. Chairman, there are two serious omissions in the DOT drug

testing rules. One is the failure to require employers to implement real Employer Assistance Programs. EAP's provide workers with confidential counseling, evaluation of substance abuse problems for workers who test positive or who self-refer, and referral for appropriate treatment. The other is the failure to mandate an opportunity for rehabilitation without loss of their jobs for drivers who come forward on their own or who test positive one time. The International Brotherhood of Teamsters strongly supports rehabilitation and job retention rights.

Mr. Chairman, this concludes my testimony today. I want to thank you and the members of this Committee again for giving us this opportunity to share our concerns with you. This Committee has been a strong force for safety on our nation's highways. The International Brotherhood of Teamsters looks forward to working with you in the future on these matters of such vital concern to us all. If you have any questions, I will do my best to answer them.

United States General Accounting Office

GAO

Testimony

*For Release on Delivery Expected at 10:00 a.m. EST Thursday April 18, 1991*

# TRANSPORTATION INFRASTRUCTURE

## Department of Transportation Highway and Mass Transit Program Reauthorization Proposals

*Statement by*
Kenneth M. Mead,
Director, Transportation Issues
Resources, Community, and Economic
Development Division

*Before the*
Subcommittee on Surface Transportation
Committee on Public Works and Transportation
United States House of Representatives

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to present our views on the proposed Surface Transportation Assistance Act of 1991. This 5-year, $105 billion package would reauthorize highway and highway safety programs at $89.1 billion and mass transit programs at $16.3 billion. Our testimony today is based on ongoing and completed work at the Federal Highway Administration (FHWA), the Urban Mass Transportation Administration (UMTA) and the National Highway Traffic Safety Administration (NHTSA). We will focus on those aspects of the Administration's reauthorization proposal that concern future federal spending, consolidation of highway programs, increased funding flexibility between mass transit and highways, and the outlook for highway safety.

In summary:

-- Under the Administration's proposal, highway and highway safety programs would experience real growth--an increase in purchasing power when inflation is considered--over the next 5 years when compared to the funding provided by the Congress over the last 5 years. Mass transit funding, however, would decline in real terms compared to the last 5 years. Federal funding for transit assistance has declined in real terms by about 50 percent over the last 10 years.

-- Highway and mass transit authorizations could be increased above the Administration's proposal. Using Administration revenue projections for the Highway Trust Fund, highway and mass transit authorizations could be increased by $5.1 billion and $2.2 billion, respectively, above the proposed levels over the next 5 years.

-- Pressures for budget deficit reductions will likely dim the prospects of obtaining large increases in program funding

levels. For example, most increases in the highway program are planned for fiscal years 1994 and 1995. In 1995, the highway program will have to compete with all federal discretionary programs, including defense, for the limited funds available. Backloading the bulk of the proposed increases into the later years raises questions about whether the proposed increased spending levels will actually be realized.

-- If a significant reduction in the federal matching share occurs, we believe it should be phased-in over time. Some states and local governments, as well as transit authorities, may not be able to raise additional matching funds in the near future. Therefore, it may be difficult for them to realize the full benefits of the proposed federal funding increases.

-- Consolidating most categorical highway programs into a two-tiered system--an upper tier for highways of national significance and a lower tier for other federal-aid roads--would allow states greater flexibility to target their federal dollars to address their individual needs. However, more can be done to ensure that states adequately attend to Interstate preservation needs in the face of burgeoning Interstate capacity needs, and that bridge funds are targeted to the most deficient bridges.

-- We support a multi-modal investment strategy to address the nation's highway and mass transit needs. However, our preliminary work indicates that a number of obstacles need to be overcome to eliminate the biases that tend to favor highway project selection over mass transit. For example, it is generally easier to demonstrate the benefits of increased highway capacity compared with increased transit capacity. As a result, federal guidance will be needed to

assure both highways and transit have equal opportunities to take advantage of funding flexibility.

-- Existing state highway programs and NHTSA's Motor Carrier Safety Assistance Program will continue to be the cornerstones for the support of national highway safety efforts. However, significant strengthening of FHWA enforcement of motor carrier safety is needed to ensure safe operation of commercial vehicles.

PROPOSED FUNDING INCREASES WILL BE AFFECTED BY SPENDING CAPS AND OBLIGATION CEILINGS

Compared with the funding provided over the previous 5 years, and accounting for inflation, highway and highway safety program funding would experience real growth in the next 5 years, while transit funding would decline. The Administration proposes authorizations of $86.8 billion for highways between fiscal years 1992 and 1996, $16.3 billion for mass transit, and $2.3 billion for FHWA and NHTSA highway safety programs. Assuming that the Congress appropriates the same amounts authorized in the Administration's proposal, highway and highway safety programs would experience real growth of 3.8 and 14.0 percent, respectively, while mass transit funding would decline 16.6 percent.

Federal mass transit funding has steadily declined over the past decade. Annual federal funding for mass transit declined about 30 percent--from $4.6 billion in fiscal year 1981 to $3.2 billion in fiscal year 1991. When measured in constant dollars, funding for transit assistance has declined by about 50 percent over the last 10 years. To maintain the same purchasing power today that was provided by the $4.6 billion level in 1981, the present funding level would have to be about $6.4 billion.



45-155 O—91——61

As attachment I shows, the highway account of the Highway Trust Fund will accumulate $8.1 billion more than its commitments by the end of fiscal year 1996, assuming 2 additional years of revenue collections as required by the Byrd Amendment. As a result, highway authorizations could be increased over the proposed funding levels, using Administration revenue projections. FHWA has indicated that a safety cushion of about $3 billion is needed in the highway account to guard against unforeseen decreases in highway user tax revenues or inaccurate revenue projections. Therefore, an additional $5.1 billion could be authorized for highway programs while still providing for this cushion. Likewise, as attachment II shows, the transit account will accumulate $2.7 billion more than its commitments by the end of fiscal year 1996, assuming 1 additional year of revenue collections as required by the Rostenkowski test of the Byrd Amendment. This $2.7 billion would consist of $400 million in uncommitted funds and $2.3 billion in projected revenues under the amendment. Assuming a $500 million safety cushion, an additional $2.2 billion could be authorized between fiscal years 1992 and 1996.

However, pressures for budget deficit reduction will likely dim the prospects of obtaining the Administration's proposed spending levels. The Budget Enforcement Act of 1990 (BEA) established limits on both budget authority and outlays for discretionary program spending in fiscal years 1991 to 1995 to control federal spending and consequently budget deficits.[1] Highway, mass transit, and safety program spending may be provided

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[1]In fiscal years 1991 to 1993 there are separate budget authority and outlay limits in 3 categories: domestic, international, and defense. In fiscal years 1994 and 1995, there are budget authority and outlay limits on total federal discretionary spending.

in the form of annual appropriations or contract authority.[2] Appropriations are subject to both budget authority and outlay limits (caps). While contract authority is not subject to the budget authority cap, traditionally obligations and outlays resulting from contract authority are determined by obligation limitations set in the annual Transportation Appropriations Acts. Contract authority outlays are therefore subject to the BEA outlay cap.

Since mass transit and highway safety programs contain elements that will be subject to BEA's limits on both budget authority and outlays between fiscal years 1992 and 1995, it is questionable whether the authorization levels proposed by the Administration will actually be realized. Similarly, highway program spending, which is provided by contract authority, will be subject to BEA limits on outlays. Most highway program increases are planned for fiscal years 1995 and 1996. In fiscal year 1995, a single domestic discretionary outlay limit will be in place. Backloading the bulk of these increases into the later years raises questions about whether the proposed level of highway authorizations will actually be realized.

The Administration proposes shifting the funding sources for a number of surface transportation programs from general revenue to the Trust Fund. UMTA would fund all mass transit programs from the Trust Fund, eliminating any use of general revenues. Although appropriations from general revenues have been the predominant source of federal funds for mass transit projects, the percentage of funding from the mass transit account of the Highway Trust Fund

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[2]Contract authority is contained in federal-aid highway authorization acts and is made available to spend before an appropriation is provided. Contract authority is not included under the discretionary budget authority limit since that authority is provided by authorizing legislation rather than highway and mass transit appropriation acts.

has increased in recent years. Since 1983, when the Congress established it, about 30 percent of UMTA's funds have come from the account and the remainder from general revenues. UMTA projects that the mass transit account and interest would be sufficient to fund the $16.3 billion proposed through fiscal year 1996. Similarly, funding for NHTSA's Operations & Research program--which had been partially funded by the Trust Fund--will now be funded entirely from the Trust Fund, with proposed authorizations of $636 million over 5 years. FHWA's operations and research funds for its motor carrier safety assistance programs, with proposed authorizations of $246.6 million over 5 years, would also be shifted from general revenues to the Trust Fund.

REDUCTIONS IN FEDERAL COST SHARES FOR HIGHWAY AND TRANSIT PROJECTS SHOULD BE PHASED-IN

The Administration's proposal would shift a larger share of the burden of financing highway and transit programs to states and grantees in a number of areas. For example, the federal funding share for urban, secondary and a substantial portion of the primary system would be reduced from 75 to 60 percent, mass transit capital project shares from 80 to 60 percent, NHTSA safety formula grants from 75 to 60 percent, and motor carrier safety program grants from 80 to 75 percent.

Greater cost sharing promotes leveraging of scarce federal funds, and can encourage states and grantees to seek more cost-beneficial projects, explore more cost-effective capital investment alternatives, and minimize waste and misuse of federal funds. However, we believe that any reductions in the federal share, as the Administration proposes, should be phased-in over time. Increased matching requirements may make it difficult to actually realize the benefits of any proposed federal funding increases because some states and local governments, as well as transit authorities, may not be able to raise additional matching funds in

the near future. According to the National Conference of State Legislatures, 31 states face budget deficits in the current fiscal year. Virtually all of the states have raised gasoline taxes over the last 10 years to meet existing needs and may find it difficult to raise them again to meet the new matching requirements.

In addition, as attachment III shows, states already on average finance the construction and maintenance of 78 percent of our highways. As a result, states with relatively high gasoline taxes, large geographical areas and smaller populations, as well as those with weak economic bases, may face difficulties in assuming more financial responsibility through a significant reduction in the federal share for federal-aid highway projects. Finally, individual transit authorities could find reduced federal participation particularly burdensome and counterproductive to their efforts to attract riders if they must look to transit users, including the elderly and handicapped, to make up the difference.

Toll Financing Is Helpful But Is Not A Financial Panacea

We recently reported that the Toll Facilities Pilot Program has demonstrated that tolls, while not a financial cure-all, can help states increase the total amount of state funds available for highway construction and maintenance on selected federal-aid highways.[3] However, our work shows that keeping the federal financial participation on toll projects significantly lower than that set for non-toll federal-aid highway construction is important. A high federal share could lead to an overuse of tolls on the federal-aid highway system. A lower federal funding share for toll projects will most likely limit toll use to roads with a high volume of traffic that generate sufficient revenues to make them financially feasible. Therefore, while the use of toll

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[3]Highway Financing: Participating States Benefit Under Toll Facilities Pilot Program (GAO/RCED-91-46, Dec. 17, 1990).

financing as an additional revenue source would benefit selected highway projects, we would caution against viewing this method as a panacea for federal-aid highway financing because of its potentially limited applicability.

## PROGRAM RESTRUCTURING BETTER FOCUSES FEDERAL ASSISTANCE BUT NEEDS STRENGTHENING

Our work suggests that the proposed restructuring of the federal highway program into two tiers--a National Highway Program (NHP) and an Urban/Rural Program--will better focus federal assistance on highways of critical importance to the nation. This contrasts sharply with the current program which provides federal assistance through several separately funded categorical programs including the Interstate, Interstate 4R (I-4R)[4], primary, secondary, and urban programs. In addition, through the increased funding flexibility offered, a restructured program will allow states to better target federal assistance to address their critical needs. The Administration's highway reauthorization proposal also addresses the need to draw states' attention to preservation of the Interstate Highway system by establishing a higher federal share for Interstate preservation activities compared with capacity enhancement activities. However, more can be done to ensure that (1) states adequately attend to Interstate preservation needs in the face of burgeoning Interstate capacity needs, and (2) bridge funds are targeted to the most deficient bridges.

### Program Restructuring Will Better Focus Federal Highway Funds

To better focus federal funds on highways important to the nation and maximize state flexibility in using federal highway

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[4]Interstate resurfacing, restoration, rehabilitation, and reconstruction. These funds are used for Interstate preservation and capacity enhancement.

funds, the Administration's proposal would restructure the federal-aid highway program into an essentially two-tiered system. The first tier, the NHP, would consist of approximately 150,000 miles of highway, including the Interstate system and a portion of the primary highway system. The second tier would be funded by a new block grant--the Urban/Rural Program.

Our work has shown that consolidating program categories into a more flexible system would allow states to customize their spending of federal funds. We reviewed a demonstration program authorized in 1987 by the Congress in which five states--California, Minnesota, New York, Rhode Island, and Texas--were allowed to pool money from the urban, secondary, and bridge programs and use the funds on any one or a combination of the three programs.[5] At the time of our June 1990 report, we found that three states had taken advantage of the funding flexibility to target a substantial portion of their pooled funds towards a particular program area.[6] Our ongoing examination of states' use of transfers of funds between program categories further supports the benefits of a more flexible program. Currently states are permitted to transfer a limited percentage of their federal highway funds between certain program categories.[7] Thirty-five states have taken advantage of these provisions to transfer over $800 million over the last 3 fiscal years.

The Administration's proposed two-tier system would offer some of the flexibility currently sought by states through fund

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[5]Transportation Infrastructure: States Benefit From Block Grant Flexibility (GAO/RCED-90-126, June 8, 1990).

[6]The remaining two states, which began participating later than the others, also expect to realize benefits during the remainder of the demonstration.

[7]For instance, currently a state may transfer 20 percent of its I-4R funds to the primary program. A higher percentage may be transferred with FHWA approval.

transfers. In particular, states would be permitted to transfer 15 percent of their National Highway Program funds to the Urban/Rural Program. Our work has shown that states have identified some of their more significant needs on roads which may be in the Urban/Rural tier and not the NHP. As attachment IV shows, most fund transfers occurring over fiscal years 1987-90 were from the Interstate 4R Program--which will be part of the NHP--to the primary highway program--a substantial portion of which will be placed in the Urban/Rural Program. Since states have identified significant needs on the primary highway system, we support the Administration's proposal to allow fund transfers to the lower tier.

No Assurance Exists That Interstate Preservation and Maintenance Needs Will Be Met

The Administration's proposed highway program recognizes the importance of Interstate preservation by allowing a 90-percent federal share for preservation-type activities as compared to 75-percent share for reconstruction. While this is an important step, it may not be enough. In 1989, the Department of Transportation (DOT) reported that $4.7 billion to $6.1 billion a year would be needed between 1987 and 2005 by all levels of government to address Interstate preservation and capacity needs. In addition, DOT estimated that between 1987 and 2005, up to 50 percent of these investment requirements would be for Interstate capacity enhancement in the form of major lane widening projects. Under the Administration's proposal, the states will continue to have wide latitude in selecting and programming preservation and capacity enhancement projects. In light of competing capacity enhancement and preservation demands, there are no assurances that the approximately $130 billion investment in the Interstate system will be protected.

The Administration proposes that if the Secretary of Transportation finds that states are not adequately maintaining the Interstate system, the Secretary may require states to program NHP funds to bring their Interstate highways up to adequate condition. However, FHWA has not established standards defining what constitutes adequate Interstate maintenance. In reviewing Interstate maintenance, we found that four of seven states reviewed had significant maintenance backlogs in areas that adversely affected the structural integrity of roadways and bridges and the safety of the motoring public.[8] FHWA certified that maintenance was adequate in these four states; however, we question the basis for such certifications in the absence of measurable standards. We agree that a single, uniform national standard would be excessively rigid and difficult to develop and enforce given the different climates, resources, maintenance practices, and levels of Interstate vehicle traffic between states. These standards must be flexible, and are thus best developed at the state level, as some states are doing. Developing maintenance standards would more clearly delineate the state responsibility to the Interstate Highway System, and greatly assist FHWA's efforts to ensure those responsibilities are fulfilled.

When we testified before this Subcommittee in April 1990,[9] we stated that the Congress might wish to consider redefining the range of activities eligible for I-4R Program funding to encourage states to give more attention to certain maintenance activities directed at preserving Interstate pavement, such as joint and crack

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[8]We selected the 7 states to provide a variety of pavement conditions, geographic balance, and Interstate usage. These states account for over 22 percent of the total Interstate lane-miles and 34 percent of the nation's vehicle miles travelled.

[9]Preserving the Interstate System (GAO/T-RCED-90-68, Apr. 24, 1990).

sealing. The Administration proposes allowing states to use their National Highway Program funds for maintenance on the Interstate system. This proposal would give states much needed flexibility to select, from among the entire range of preservation activities, the most appropriate and cost-effective preservation treatments without the artificial constraints of federal funding eligibility. Timely preventive maintenance delays the need for costly I-4R projects such as rehabilitation and resurfacing. As such, expanding eligibility could ultimately delay or save federal preservation expenditures.

We will soon issue a report to the full Committee on state and federal efforts to maintain and preserve the Interstate Highway system, conducted at the request of the Chairman and Ranking Minority Member. We plan to identify several legislative and programmatic changes which the Congress may wish to consider as it deliberates the future federal role in preserving the Interstate system.

A Level-of-Service Methodology Would Better Target Federal Funds for Bridge Improvements

In 1989, DOT reported that 40 percent (about 238,000) of the nation's approximately 578,000 bridges were structurally deficient or functionally obsolete and that over $50 billion would be needed to bring them up to current standards. Since 1987, the federal government has authorized states to spend about $1.4 billion a year to replace or rehabilitate bridges. Under the Administration's proposal, apportioned bridge funds over the next 5 years will range from $1.6 billion to $2.3 billion a year.

The Administration has proposed that FHWA adopt a Level-of-Service (LOS) methodology to identify deficient bridges eligible for federal funding. Our ongoing work for the Senate Environment and Public Works Committee suggests that LOS is significantly more

effective in identifying deficient bridges than FHWA's current methodology--called the sufficiency rating--because it not only establishes adequacy criteria for bridges on different classes of highways, but gives more adequate consideration to traffic volume and detour length.[10] However, FHWA does not plan to take full advantage of the benefits that LOS can provide.

Under its LOS methodology, FHWA does not plan to gauge the magnitude of problems with each bridge by assigning a numerical score based on its deficiencies. Consequently, all deficient bridges that FHWA identifies as being eligible for funding will be considered equally deficient regardless of the extent of their deficiencies. If FHWA assigned each bridge a deficiency rating and ranked the bridges from most to least deficient, it could link the most deficient bridges with the available resources and categorize them by highway system. By using LOS to make this type of analysis, FHWA could provide the Congress more accurate information to target federal dollars to highway systems that have the most critical bridge needs.

Our analysis of the National Bridge Inventory using a LOS methodology shows that the Administration's proposal could better target bridge rehabilitation funds to areas of greatest need. The Administration proposes requiring states to spend between 10 and 25 percent of their federal bridge funds on local, primarily off-system, bridges. Our LOS analysis showed that 72 percent of the proposed bridge funding would be needed for NHP bridges, about 27 percent for Urban/Rural bridges, and only about 1 percent for local (primarily off-system) bridges. Thus 10 to 25 percent of the

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[10]Functional classification groups streets and highways according to the service they are intended to provide. The hierarchy of functional classification consists of principal arterials (for main movement), minor arterials (distributors), collectors, and local roads and streets. The roads making up the functional classifications differ for urban and rural areas.

federal bridge funds is proposed to be allocated to those bridges that have about 1 percent of the need.

## OBSTACLES EXIST TO IMPLEMENTING MULTI-MODAL FLEXIBILITY

The Administration's proposal would provide greater flexibility to state and local governments in allocating federal funds between mass transit and highway projects. The proposal would allow a state to use its Urban/Rural Program funds for transit projects, and certain of its mass transit account funds for highway projects. We support a multi-modal strategy to address surface transportation infrastructure and congestion needs. However, several obstacles could threaten the success of multi-modal funding.

First, as we reported in 1988, the ability to successfully implement an intermodal strategy is not well served by DOT's practice of preparing separate budgets and needs studies for highways, bridges, and mass transit.[11] DOT's approach precludes the effective ranking of intermodal needs and development of an integrated transportation strategy. Therefore, the federal government's ability to successfully implement intermodalism may be limited by the lack of a long-term investment strategy.

Second, the preliminary results of our ongoing review for the Senate Environment and Public Works Committee suggests that the criteria used to assess highway and transit projects may not easily facilitate choices between the two modes. While DOT envisions a cooperative federal, state, and local planning effort between mass transit and highways, the criteria used to assess transit and highway projects may make it difficult to choose between the two

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[11] Transition Series: Transportation Issues (GAO/OCG-89-25TR, November 1988).

modes. In general, highway criteria are oriented toward the movement of vehicles, while transit criteria are oriented toward the movement of people. To put it another way, transit's objective is to move people out of their cars, while a highway goal is to build roads that can accommodate more and more cars. It is generally easier to demonstrate the benefits of increased highway capacity over increased transit capacity because the benefits of constructing new highways or additional lanes are more visible and tangible than the benefits of acquiring additional buses. Guidance to the states on conducting such analyses between transportation modes may be needed to successfully implement highway/mass transit funding flexibility.

Finally, most of UMTA's assistance is provided directly to local transit authorities, while highway assistance is provided to the states. At the state and local levels, transit funding will remain primarily with urban areas and highway funding with the states. Coordinated planning and project selection between federal, state, and local officials will be difficult, and the mass transit industry is concerned that states will place greater attention and emphasis on highways to the detriment of mass transit. The Administration has proposed minimizing this by providing for a consistent federal share, 60 percent, between the mass transit capital program and the Urban/Rural highway program. Our ongoing work will evaluate this and other approaches. To avoid modal bias with highways and meet the flexibility envisioned in the proposal, it will be important to ensure that both highways and mass transit have equal opportunities to take advantage of funding flexibility.

KEY HIGHWAY AND VEHICLE SAFETY PROGRAMS WILL CONTINUE

The Administration's proposal will continue the State and Community Highway Safety Section 402 Program and the Motor Carrier Safety Assistance Program (MCSAP), which are aimed at improving

highway and vehicle safety and reducing highway fatalities. In 1990, the fatality rate was less than 2.1 per 100 million vehicle miles traveled--40 percent less than it was in 1980. Because vehicle miles traveled continue to increase, however, fatalities also will rise unless the rate is reduced even further.

Reducing the fatality rate and number of deaths will not be easy because of the 3.8 million miles of road and the randomness of highway accidents. Also, an FHWA official has acknowledged that neither the federal government nor the states currently have economical and timely access to the data needed to identify highway safety problems, effectively direct highway safety research, develop sound safety policy, and accurately determine the effectiveness of safety programs. The Administration's proposal does not specifically address how these data limitations will be overcome.

State Highway Safety Programs

The Administration proposes funding the Highway Safety programs (NHTSA and FHWA 402, alcohol incentive grants, and motor vehicle and traffic safety programs) at $1.6 billion for fiscal years 1992-96. After accounting for inflation, this represents a 6-percent increase over the previous 5-year period, divided evenly between fiscal years 1992-96. The federal matching share, however, would be reduced from 75 percent to 60 percent.

The Administration proposes a new program of Safety Bonus grants, which will be added to the existing section 402 state and community grant program. The bonus grants will be allocated to states that meet certain highway safety criteria, such as implementing a mandatory seat belt law, complying with federal alcohol incentive programs previously authorized in sections 408 and 410 of Title 23, and reducing the state fatality rate. We agree with the general principle of the federal government's

providing financial incentives to states for the adoption and implementation of various highway safety measures. While the safety bonus grant plan seems reasonable, conceptually we have two specific concerns with the proposal.

First, we are concerned about how state compliance with federal criteria will be measured, since our ongoing work for the Senate Environment and Public Works Committee has shown that program evaluation in the areas mentioned in the proposal is imprecise. For example, one bonus grant criterion relates to safety belt usage rates. The Administration's proposal states that the Secretary of Transportation will establish a qualifying goal (for those states not having mandatory safety belt use laws) that at least 70 percent of drivers and front-seat passengers are belted. In the absence of any discussion of how the criterion would be established, or what evaluation methodology would be employed, we question whether the Secretary will have any assurance that states are, in fact, in compliance. Our current evaluation of the effectiveness of safety belts and mandatory use laws indicates that there can be substantial variation in the results of belt usage surveys, depending on how, where, and when they are performed.

Second, we have noted a potential problem with using fatality rates as a safety bonus criterion, as the Administration proposes. Certain geographic or demographic factors affect state fatality rates independently of state highway safety efforts. For example, more than half of all fatal accidents occur on rural roads. States that have a high proportion of rural roads therefore are likely to have a high fatality rate relative to more urban states, irrespective of the content of their highway safety programs. Accordingly, we see an equity issue in that some states could automatically qualify for safety bonuses without any improvement in their highway safety program, while other states which traditionally have had higher fatality rates will have a difficult

time competing for those funds. Basing safety bonus funds on fatality rates seems to reward states for chance circumstances of geography and demographics.

Motor Carrier Safety

FHWA's motor carrier safety programs are involved with commercial truck and bus safety. FHWA provides MCSAP grants to states to reduce the number and severity of accidents involving commercial motor vehicles. The Administration's proposal would fund MCSAP and FHWA's motor carrier safety operations and research functions at $687 million for fiscal years 1992 through 1996, compared with $408 million for fiscal years 1987 through 1991. After accounting for inflation, this represents an increase of 39 percent. The Administration's proposal would also reduce the federal share of eligible MCSAP activities from 80 to 75 percent.

The Administration's proposal adds several new initiatives to MCSAP including truck size and weight enforcement, drug awareness and enforcement programs, and the design, development and implementation of a new commercial motor vehicle information system to account for vehicle registration fees and taxes. It is not clear at this time how much funding will go toward these new initiatives. However, we note that MCSAP will be funded at $60 million in fiscal year 1992, which is less than the fiscal year 1991 appropriation. This raises concerns about whether the existing levels for traditional safety activities in the states can be maintained, at least in the early years of the reauthorization.

The Administration's proposal continues existing federally mandated weight and length limits for trucks using interstate highways. It continues to grandfather-in permission for trucks longer and heavier than the federal standards (commonly known as longer combination vehicles) to operate in states where they were used prior to the federal standards. While not part of the

Administration's proposal, permitting longer combination vehicles greater access to the highways will be an emerging issue. At the request of this Subcommittee, we are reviewing longer combination vehicle safety issues, such as driver training and qualifications, state permit systems, and state methods to enforce size and weight limitations. Our final report will be issued in late 1991.

The Administration's proposal adds two provisions to provide uniformity in Interstate motor carrier standards. One relates to having a single location and uniform standards for registration of commercial motor vehicles and collection of fuel taxes with proportional sharing of registration fees and taxes among the states. The other proposal preempts state laws relating to interstate and intrastate rates, and routes or services of interstate motor carriers, thus providing uniform interstate and intrastate regulations. We believe both provisions have merit and could help reduce state and motor carriers' cost and paperwork and remove some long-standing trucking industry concerns. However, commercial vehicle safety could be compromised if some states choose to drop out of MCSAP rather than to have their intrastate regulations preempted. At least three states have indicated they would consider doing so.

MCSAP has contributed to improving motor carrier safety. However, we have found that FHWA's strategy for bringing carriers into compliance with federal safety regulations focuses on educating states and carriers rather than on follow-up and enforcement measures after safety deficiencies are found. For example, in our January 1991 report to this Subcommittee, we reported that, although 70 percent of the motor carriers which underwent FHWA's motor carrier safety review received less than a satisfactory rating, FHWA had not adequately implemented its

follow-up enforcement procedures to ensure that carriers corrected deficiencies in safety management controls.[12]

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This concludes my prepared statement. I will be pleased to answer any questions you or other members of the Subcommittee may have.

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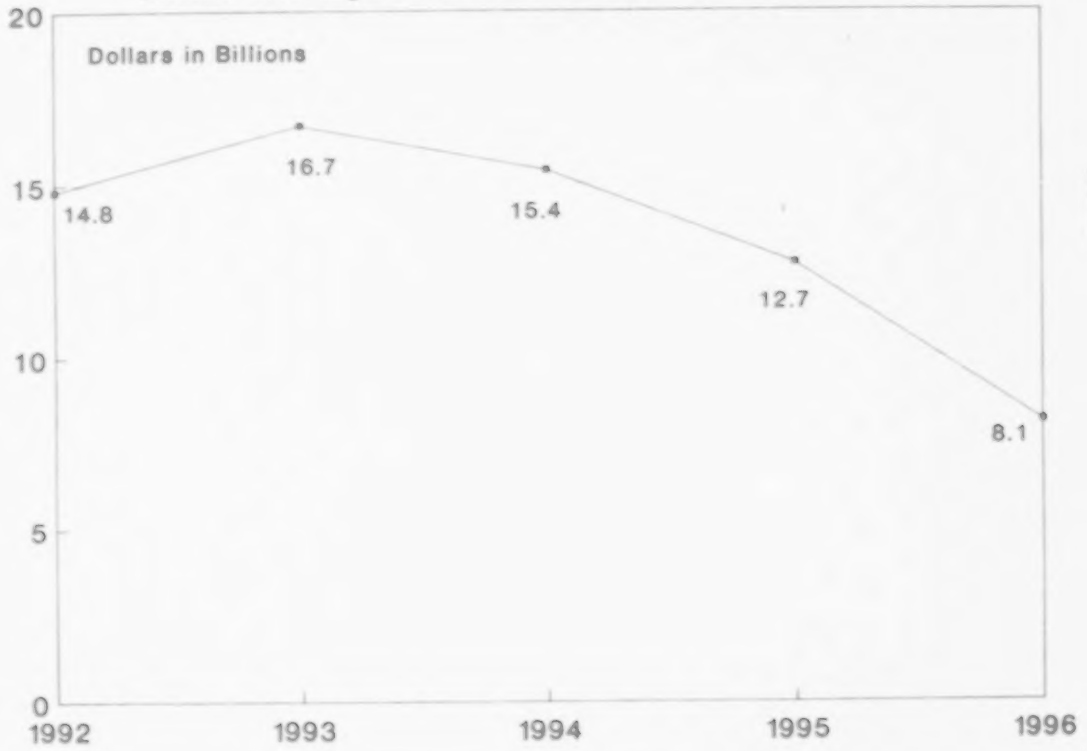
[12]Truck Safety: Improvements Needed in FHWA's Motor Carrier Safety Program (GAO/RCED-91-30, Jan. 9 1991).

## Proposed Highway Contract Authority Available Under the Byrd Amendment (FY 1992-1996)

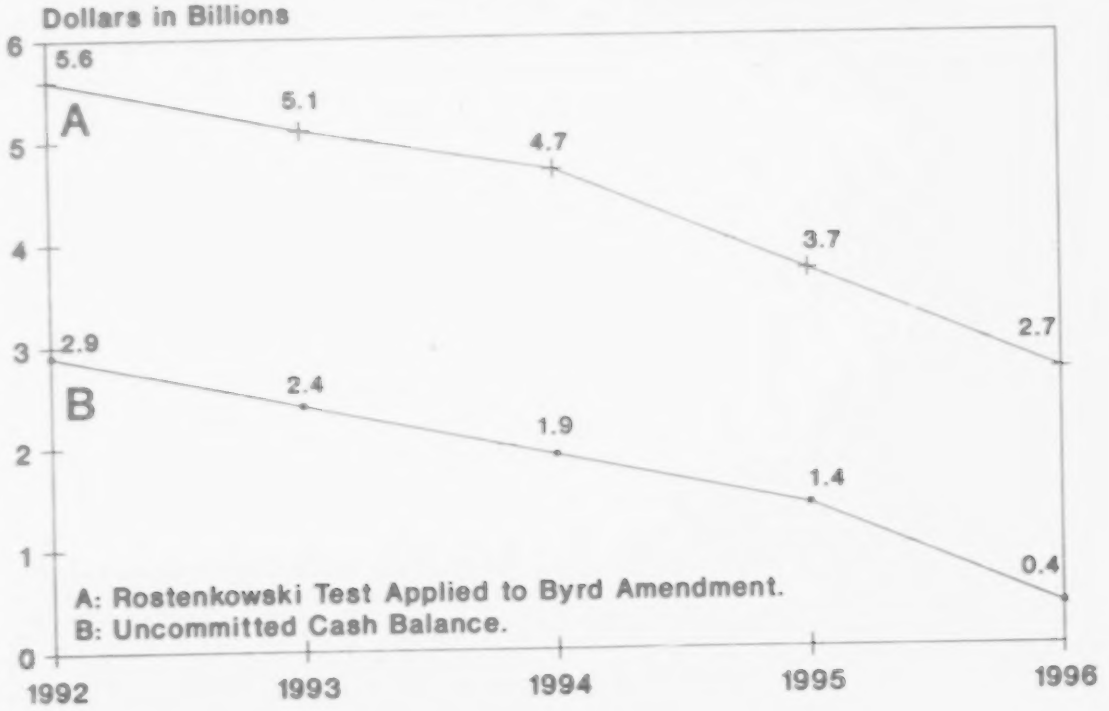



Source: U.S. DOT, Office of the Secretary.



ATTACHMENT 1

# Proposed Mass Transit Account Status Under Byrd Amendment (FY 1992-1996)

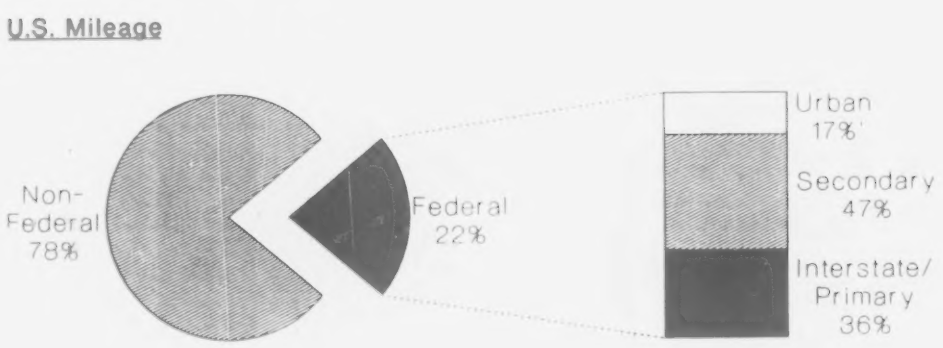



Source: U.S. DOT, Office of the Secretary.

ATTACHMENT 11

ATTACHMENT 11

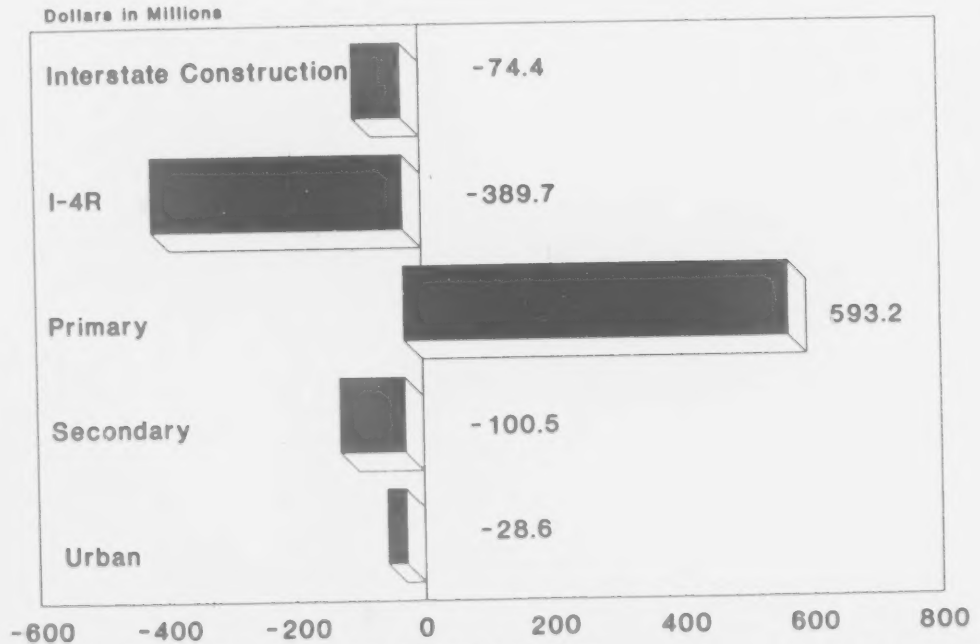
# Total U.S. Federal-Aid and Non-Federal Aid System Mileage (1989)




Source: U.S. DOT, Federal Highway Administration.

ATTACHMENT III

# States' Transfer of Highway Funds
## (October 1, 1987 - September 30, 1990)*




*Excludes Rail-Highway Crossings & Hazard Elimination.
Source: U.S. DOT, Federal Highway Administration.

ATTACHMENT IV

ATTACHMENT V

ATTACHMENT V

RECENTLY ISSUED GAO REPORTS AND TESTIMONIES ON HIGHWAYS, MASS TRANSIT, AND HIGHWAY SAFETY

Truck Safety: Improvements Needed in FHWA's Motor Carrier Safety Program (GAO/RCED-91-30, Jan. 9, 1991).

Highway Financing: Participating States Benefit Under Toll Facilities Pilot Program (GAO/RCED-91-46, Dec. 17, 1990).

Motor Vehicle Safety: Information on Accidental Fires in Manufacturing Air Bag Propellant (GAO/RCED-90-230, Sept. 28, 1990).

Truck Safety: Need to Better Ensure Correction of Serious Inspection Violations (GAO/RCED-90-202, Sept. 28, 1990).

Scenic Byways: A National Program, If Created, Should Be Small Scale (GAO/RCED-90-241, Sept. 28, 1990).

Motor Vehicle Safety: Information on Recent Controversy Between NHTSA and Consumer Group (GAO/RCED-90-221, Sept. 27, 1990).

Motor Vehicle Safety: NHTSA Should Resume Its Support of State Periodic Inspection Programs (GAO/RCED-90-175, July 5, 1990).

Truck Transport: Little is Known About Hauling Garbage and Food in the Same Vehicles (GAO/RCED-90-161, June 28, 1990).

Transportation Infrastructure: A Comparison of Federal and State Highway Laws (GAO/RCED-90-157, June 27, 1990).

Loma Prieta Earthquake: Collapse of the Bay Bridge and the Cypress Viaduct (GAO/RCED-90-177, June 19, 1990).

Transportation Infrastructure: States Benefit From Block Grant Flexibility (GAO/RCED-90-126, June 8, 1990).

Truck Safety: States' Progress in Testing and Licensing Commercial Drivers (GAO/RCED-90-78, Mar. 12, 1990).

Transportation Infrastructure: Reshaping the Federal Role Poses Significant Challenge for Policy Makers (GAO/RCED-90-81A, Dec. 28 1989).

Transportation Infrastructure: Panelists' Remarks at New Directions in Surface Transportation Seminar (GAO/RCED-90-81B, Dec. 28, 1989).

Mass Transit Grants: UMTA Needs to Increase Safety Focus at Local Transit Authority (GAO/RCED-90-41, Dec. 1, 1989).

Motor Vehicle Safety: Passive Restraints Needed to Make Light Trucks Safer (GAO/RCED-90-56, Dec. 30, 1989).

Highway Trust Fund: Condition and Outlook for the Highway Account (GAO/RCED-89-136, May 9, 1989).

Mass Transit Grants: UMTA Needs to Improve Procurement Monitoring at Local Transit Authority (GAO/RCED-89-94, Mar. 31, 1989).

Truck Safety: Implementation of the Single Driver's License and Notification Requirements (GAO/RCED-89-30, Feb. 13, 1989).

Highway Contracts: Federal-Aid Highway Contracts Awarded to Minority- and Women-Owned Businesses (GAO/RCED-89-78, Feb. 13, 1989).

Truck Safety: Information on Driver Training (GAO/RCED-89-163, Aug. 3, 1989).

Motor Vehicle Safety: Selected Rulemakings by the National Highway Traffic Safety Administration (GAO/RCED-89-11FS, Jan. 6, 1989).

Transition Series: Transportation Issues (GAO/OCG-89-25TR, Nov. 1988).

TESTIMONIES

Transportation Trust Funds (GAO/RCED-T-89-36, May 11, 1989).

UMTA Project Oversight and Mass Transit Issues (GAO/RCED-T-90-103, August 7, 1990)

UMTA Project Oversight and Mass Transit Issues (GAO/RCED-T-90-102, August 8, 1990).

Issues To Be Considered During Deliberations to Reauthorize the Federal-Aid Highway Program (GAO/RCED-T-90-50, March 19, 1990).

Preserving the Interstate System (GAO/RCED-T-90-68, April 25, 1990).

Operations of and Outlook for the Highway Trust Fund (GAO/RCED-T-90-78, May 8, 1990).

Operations of and Outlook for the Highway Trust Fund (GAO/RCED-T-90-79, May 9, 1990).

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STATEMENT OF
JOHN McQUAID, EXECUTIVE DIRECTOR
THE INTERMODAL MARKETING ASSOCIATION

BEFORE

THE SURFACE TRANSPORTATION SUBCOMMITTEE
HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

ON

REAUTHORIZATION OF THE FEDERAL-AID HIGHWAY ACT

April 18, 1991

Mr. Chairman, distinguished members of the subcommittee, I appreciate this opportunity to appear before you today to share the views of the Intermodal Marketing Association on the vital issue of reauthorization of the federal highway program. My name is John McQuaid and I am executive director of the association.

The IMA is a national association comprised of major railroads, stacktrain operators, shippers' agents, intermodal truck operators and intermodal equipment manufacturing and leasing companies. Our organization primarily is involved with domestic intermodal operations, with our members handling virtually all such shipments. However, the burgeoning growth of the global marketplace also has required our members to become increasingly involved in international transportation.

My being here today to discuss the highway bill represents a significant advancement for domestic intermodal transportation -- a coming of age, of sorts. While international transportation is recognized as being predominantly intermodal in scope, the U.S. during the last decade also has developed an extensive domestic intermodal network. This network often is viewed as an extension of rail or truck service rather than the viable, expanding segment of the transportation industry it has become.

I appreciate this opportunity to share intermodal's 1980s success story and to urge the Congress to adopt a highway measure which facilitates the continued growth of this increasingly vital segment of our nation's transportation system.

Both Transportation Secretary Skinner and Public Works Committee Chairman Roe have recognized the growing importance of intermodalism to U.S. transportation and logistics needs.

At an earlier hearing on the highway bill, Chairman Roe noted, "It is time for us to make an intermodal transportation system a national priority so we can improve our productivity."

Secretary Skinner, meanwhile, has provided much-needed leadership within the Department of Transportation by breaking down traditional barriers among the numerous modal administrations. These administrations previously had fostered the development of policy with minimal, if any, view toward its intermodal impact.

Both of these developments are enthusiastically welcomed in the intermodal community. To us, they represent validation from the highest levels of government, that intermodalism no longer is

the stepchild of the other surface modes, but rather represents an industry segment which relies on the strengths of each to deliver the nation's goods.

The government's acknowledgement of the vital role intermodal plays in moving the nations goods comes long after the marketplace has recognized its efficiency and flexibility. Since the last comprehensive look at our highway needs in 1982, the approach shippers and receivers take in moving their goods has changed drastically as they faced the challenge of assuring U.S. competitiveness.

The increasing importance of integrated logistics to the our competitive goals requires an intermodal approach to transportation issues. Modal resources need to be highly coordinated if we are to meet the nation's transportation needs in the most efficient and cost effective manner possible. Our research and development efforts should be geared to fostering this overall goal.

Mr. Chairman, the IMA has two concerns about the highway bill which I will address here today. First, I will discuss our belief that the highway legislation should facilitate intermodal growth, particularly through the funding of infrastructure improvements to port and major rail intermodal facilities. Second, I will share with the subcommittee the IMA's concerns on longer combination vehicles.

The IMA supports a multi-year reauthorization bill which fosters the need for better coordination among the nation's transportation modes and recognizes the vital role the nation's highways play in promoting competitiveness. A highway plan that facilitates intermodalism will help improve U.S. productivity and broaden market opportunities for U.S. goods both at home and abroad.

A multi-year bill also provides the states an opportunity to plan their highway projects with a greater degree of certainty. However, the success of their planning and execution is contingent upon two things: (1) the availability of currently unspent but dedicated reserves in the Highway Trust Fund -- an amount totaling between $11 billion and $17 billion, and (2) a commitment to similarly invest any additional tax revenues contemplated by this legislation.

In identifying and providing adequate funds for major highways to facilitate the flow of commerce, it is important to remember the significant role our roadways play in intermodal transportation. Most of the discussion about intermodal that I have heard in relation to the highway bill focuses on the need to improve port access for international intermodal shipments.

However, just as poorly designed, decaying, and congested roadways around ports contribute to the inefficient movement of import-export traffic and adversely impact the quality of life in nearby communities, they similarly impact the domestic intermodal arena.

Every week in this country, trucks pick up and deliver tens of thousands of containers at our ports. At major railroad gateways, such as Chicago, thousands of transcontinental intermodal shipments being transferred between railroads and others bound for local delivery ply urban streets and highways.

In most cities, major domestic railroad intermodal facilities often are located in older rail yards which rely heavily on local, often congested, roadways for access to primary highways and Interstates.

Remedies which focus on improving truck access to port facilities and terminals also should address similar problems affecting our domestic intermodal network. Our goal should be to make access to intermodal facilities and terminals more efficient by creating modern, dedicated roadways to handle truck traffic which presently overburdens a crumbling system of urban streets and highways. This macro approach to our facilities access problems is essential to achieving dividends of reduced congestion and pollution, greater energy efficiency, and improved quality of life.

While improved access to ports and rail intermodal facilities is essential to the continuing growth of intermodalism, widespread use of longer combination vehicles on the nation's Interstate highway system is not. Indeed, if there is one issue on the horizon that threatens the rosy future of domestic intermodalism, it is LCVs.

The concern about LCVs, of course, arises from the belief that the trucking industry will seek productivity gains to offset an anticipated increase in fuel taxes in the highway bill. Among the scenarios discussed is one in which truckers will seek to have language included in the bill permitting the states the discretionary authority to allow LCVs. Then, trucking interests will use their highly organized and well-connected state organizations to pursue their LCV goals state by state.

The current 80,000 gross vehicle weight limit makes the operation of LCVs uneconomic. But with a relaxed federal weight limit, as suggested by the trucking industry, LCVs with gross weights far in excess of 100,000 pounds soon would be plying the nation's highways, much to the detriment of the intermodal industry.

Intermodal trailer and container movements grew from 3 million loads in 1980 to more than double that figure by the end of the decade. While this growth is impressive, the competitive environment (vs. trucks) in our industry resulted in this business producing only marginal profits for the railroad industry.

Much of the business railroads handle in domestic intermodal service is extremely susceptible to truck diversion. Consequently, any Congressional action allowing LCVs would have a devastating economic impact.

Studies by the railroad industry estimate that just the initial impact of twin-48 foot trailers would mean a loss of 9 percent of all rail ton-miles and 52 percent of net operating revenues.

Intermodal is hurt far worse than average: railroads would lose 23 percent of intermodal traffic and 27 percent of intermodal gross revenues, if twin 48s were legalized.

The long-term impact of the lost net revenue would result in even greater intermodal diversion to truck. Rail intermodal is dependent on capital intensive fixed facilities. With the loss of over a quarter of intermodal revenues, many of these facilities no longer would be economically viable.

Work by Paul Roberts, a independent transportation economist, also confirms the disastrous impact of legalizing twin 48s. According to Dr. Roberts, even the intermodal industry's new and highly successful stacktrain business would not be immune from the effects of the broader use of these vehicles.

Mr. Chairman, this is not a pretty picture for an industry that was one of transportation's success stories of the 1980s. We believe that our nation's highway policy should promote the most efficient use of limited energy and environmental resources and encourage greater use of our under-utilized railroad assets.

Domestic intermodal transportation should be promoted by government policy, not threatened by it. Intermodalism involves the best combination of the nation's surface transportation resources -- the economy and efficiency of long-haul rail and the flexibility of short haul truck. And it does it all on less energy and while reducing highway congestion and air pollution.

Other considerations, aside from economics, also compel further evaluation of LCVs before they are authorized for broader use. The safety of LCVs in actual operations is still not reliably established, in spite of numerous studies, and in spite of their limited use in 18 states. Also, the extent of the national system that would need to be designated for their use,

the access and egress that would be needed and the impacts of this access on other highway traffic are real concerns.

Another major concern is the cost of providing the system, the access and egress and the marshalling facilities and, more importantly, a determination of who ultimately is going to pay for all this. Finally, the full impact on other modes of transportation and the determination of the net economic benefits of the outcome to the economy as a whole and to our nation's competitive posture is still unknown.

Intermodalism certainly must continue to play a vital role in our nation's transportation network in the next century if the U.S. is to maintain its position as a leader in world trade. It is time for government and industry to break with the conventional approach toward transportation policymaking and funding.

As currently structured, the system fosters infighting among modes and detracts from the goal of assuring that we have the world's most efficient and reliable transportation system. We need to avoid the strain of modal one-upmanship that our present federal subsidy system fosters. Our unwillingness to meet these vexing challenges will undoubtedly erode our efficiency and productivity at a time when both are needed to enhance our competitive position domestically and internationally.

We look forward to working with the Congress in fashioning a bill that promotes better coordination among the nation's transport modes and recognize the critical impact our highways have on our ability to compete.

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STATEMENT SUBMITTED BY HOWARD
MESSNER, EXECUTIVE VICE PRESIDENT,
AMERICAN CONSULTING ENGINEERS
COUNCIL

# LEGISLATIVE PROPOSALS FOR SURFACE TRANSPORTATION

before the

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
SUBCOMMITTEE ON SURFACE TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES

by
JACK KINSTLINGER
for the
AMERICAN CONSULTING ENGINEERS COUNCIL

APRIL 18, 1991

AMERICAN CONSULTING ENGINEERS COUNCIL
1015 15th Street, N.W., Suite 802
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## STATEMENT OF JACK KINSTLINGER

Mr. Chairman, Members of the Subcommittee on Surface Transportation. My name is Jack Kinstlinger. I am President and Chief Executive Officer of KCI Technologies, Inc., a consulting engineering firm with more than 500 employees.

I am also Transportation Committee Chairman of the American Consulting Engineers Council (ACEC). ACEC is the largest national organization of independent consulting engineering firms. Its membership represents more than 5,000 firms with some 175,000 employees, who annually design over $100 billion in constructed public and private works. Our firms range in size from a single, experienced, registered professional engineer to corporations employing thousands of professionals who represent a diverse source of national and international engineering and scientific expertise.

ACEC is a founding member of the Rebuild America Coalition, comprised of over 40 public and private organizations committed to the infrastructure challenge. Rebuild's Chairman Mayor Maynard Jackson of Atlanta, who represents the U.S. Conference of Mayors, is

volunteering his time to help focus public attention on innovative ways to finance the refurbishment of the nation's deteriorating infrastructure. Others members include public leaders from the League of Cities, National Association of Counties, Council of State Governments and the American Public Works Association whose job it is to maintain, inspect, and plan for the building and rebuilding of our public facilities. They are supported by engineers, builders, financiers, contractors, and architects whose careers are dedicated to the highest standards of quality, safety, and cost-effectiveness. Rebuild America advocates increased investment in infrastructure, partnerships between all levels of government, incentives for innovative financing and use of emerging technology.

The consulting engineering community is extremely interested in the future direction of transportation in the United States. We have a stake in it because often we are the professionals that design new facilities, as well as develop the technology to cost effectively maintain and expand a wide variety of highway and transit facilities. Before there was a bridge, highway, road or transit system, there was an engineer who designed it. Additionally, the quality of our transportation system directly affects the nation's ability to do business. It affects the ability to attract employees and to retain



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quality current staff in the country's firms. Like all businesses, the movement of our employees from their homes to the workplace and from our workplace to our clients and job site must be done in an efficient, safe, economical manner or we no longer remain competitive in the marketplace. The expansion and revitalization of transportation networks is critical to local and national economic development, as well as to our international competitiveness.

Thus, it is important, Mr. Chairman, that the views of consulting engineers be heard as we approach the reauthorization of a new program and I appreciate the opportunity to appear here today.

Congestion on America's highways and runways is taking its toll. Many of our roads, highways and bridges are in a deteriorating or substandard condition and getting worse.

- Nearly 2/3 of today's peak-hour traffic or urban interstate highways moves at under 35 miles per hour. Urban highway congestion cause over 2 billion wasted hours each year - equivalent to 1 million idle workers per year.

- By the year 2,005 traffic congestion will jump by 300% wasting some 7.5 billion gallons of gas and costing highway users $50 billion annually.

- Over 60% of our highways are in need of repair and over 40% of the nation's bridges are either structurally deficient or functionally obsolete;

According to many studies, the country should be boosting its spending on roads, bridges, and other infrastructure by as much as 50% to keep the U.S. economy competitive. Yet, public works spending, adjusted for inflation, has risen by only 15% over the past five years. The next five years, despite the Administration's Surface Transportation Reauthorization bill, doesn't promise much more. The Bush Administration is requesting $105 billion over the next five years for highways and mass transit. This works out to only about $5 billion a year over current spending levels. Compare this with Japan, where public works expenditures will run about $3 trillion over the next 10 years, or the commitment of the German Government to rebuild East Germany's infrastructure, at an annual cost of $65 billion per year for the next 10 years.

A recent study by Economist David Aschauer has clearly demonstrated the relationship between public infrastructure investment and private sector productivity. It is no accident that the U.S. with a public capital investment as a percentage of gross domestic product of only 0.4% has seen recent productivity growth of 1/2% per year. Contrast this to Canada, the U.K. and France that are investing about 2% of gross domestic product in public infrastructure and enjoy productivity growth of between 1 1/2% and 2% annually. Japan, with an investment rate of 5% is enjoying productivity growth of over 3%.

The American economy suffers when infrastructure investment declines. The damage, however, is not irreversible. The United States must renew its commitment to maintaining our transportation system as the finest in the world and prepare for the challenges of the 21st Century.

In discussing ACEC's recommendations for a new highway and transit program, I would first like to outline several general concepts supported by ACEC and many other organizations here today. Following these recommendations I will narrow my remarks to a few very specific concerns of the consulting engineering community.

**ACEC supports enactment of a 4 or 5 year bill by September 30, 1991. Consulting engineers join many other organizations to urge support for the following funding recommendations:**

1. **Increase Federal highway and transit spending levels beyond levels in the current Administration bill, fully utilizing the approximately $16 billion of unobligated balances in the highway and transit accounts of the Highway Trust Fund.**

2. **Return the 2.5 cents-per-gallon being deposited into the general revenue fund for deficit reduction as a result of last year's Budget Reconciliation Law, to the Highway Trust Fund for its intended use -- to improve and maintain our highway and transit systems. User fees should be used only for transportation purposes.**

3. **Remove the Highway Trust Fund from the Federal unified budget and make the Trust Fund, and its funding mechanisms, permanent to assure that all dedicated highway revenues are available now and in the future for improving our nation's infrastructure.**

4. **Eliminate the gasohol exemption.**

5. Increase federal investment in transit with continued commitment of both general revenue funds and user fees.

6. Increase funding for research and development, particularly in the field of Intelligent Vehicle-Highway Systems, to use our current roads more efficiently.

ACEC also supports Chairman Roe's "A Nickel for America" campaign, which would provide for an additional five cent-per-gallon gasoline tax increase to be deposited into the Trust Fund and used only for transportation improvements on a "pay as you go" basis.

To provide an effective alternative to traditional funding mechanisms, ACEC strongly supports the use of tolls where appropriate when financing the design, construction, operation, and maintenance of transportation facilities. The states should be allowed to place tolls on existing federal-aid highways without a requirement to pay back federal funds and to develop new toll highways using existing federal-aid on a reduced match basis or using new federal-aid funds on a revolving basis from unobligated Highway Trust Funds. We also support elimination of the requirement for removing tolls from a facility once

bonded indebtedness has been repaid. We strongly encourage federal participation in privatization projects.

And now, Mr. Chairman, I would like to focus on two very important concerns that consulting engineers face when working with State departments of transportation on federal-aid highway projects.

First, the engineering and design community appreciates the key role you played, Mr. Chairman, in successfully including a provision in the 1987 Highway Act which requires the states to use qualifications-based selection (QBS), and to negotiate a fair and reasonable cost to perform the work with the selected firm, when procuring A/E services under the Federal-Aid Highway Program. To many, this procurement process is better known as the "Brooks A/E Law". We continue to advocate the qualifications-based selection of A/E services which provides for the most cost-effective, timely and technically competent design work possible. We are disappointed that the Federal Highway Administration has not issued the final regulations to implement this provision four years after it was passed.

Following the selection process, however, consulting engineering firms are continuously faced with numerous and duplicative audits and

arbitrary restrictions on indirect cost rates. In many cases, these practices are affecting the ability of our firms to do work for the state highway departments.

Millions of dollars are being wasted on multiple audits of A/E firms by state highway agencies, because one agency is reluctant to accept the audit results from another agency. Many of our firms work in several states and are audited several times a year for the same information. Having each state separately audit the same firm is a financial and administrative burden to both the engineering firm and the state agencies.

The problem is further aggravated when state highway agencies establish arbitrary limits on overhead rates and refuse to accept the firm's AUDITED rates. Agencies should focus the negotiation stage on total cost, rather than individual cost elements, such as overhead rates.

The misplaced belief that overhead is a true measure of efficiency results in the government spending an excessive amount of time and money evaluating an illusory indicator of cost, since the classification of many costs as direct or indirect is primarily a decision of business management based upon established accounting principles. Flexibility

inherent in accounting procedures can lead to substantial changes to a firm's overhead rate, yet its total costs to provide services can remain the same. For example, computer costs and premium pay for overtime work could be billed as direct expenses or direct labor by one firm and as overhead by another firm, yet the total cost of service for each firm remains the same.

Remember, under QBS, the contracting officer negotiates a "fair and reasonable cost" to the government. As noted, a firm's overhead rate may not affect the determination of said "fair and reasonable cost."

ACEC, with the support of the design community, has developed a legislative proposal to address the problem of multiple audits and unnecessary limits on indirect cost rates. We urge the Committee to include language in the bill to establish a uniform auditing process requiring state and local agencies to negotiate, perform and audit design service contracts in accordance with the cost principles in the Federal Acquisition Regulations (FAR). Consistent with the FAR, contract negotiations and payments would be made on the basis of actual overhead costs. Under the proposal, agencies would also be required to accept current audits performed by other states, federal agencies or an independent certified public accountant. The uniform

audit approach would provide valuable cost-savings to the government, allowing resources, both time and dollars, currently being wasted on redundant audits to be directed toward tasks which are truly crucial in protecting government interest. Again, we strongly urge the Committee to include language in the bill to achieve these objectives.

The second important ACEC concern relates to seeking the Committee's support for expanded reliance on the private sector for engineering and design services. Quality, cost-effectiveness and timely completion of transportation projects are in direct relation to the extent to which public agencies contract out engineering, surveying, inspection, and design services to the private sector.

A public/private sector partnership in delivering transportation programs benefits the transportation agencies, the private sector, and the general public. Contracting out provides public agencies with greater flexibility. The agency does not have to increase staff for the peaks associated with the cyclical nature of transportation work. It also provides the public agency with a wide spectrum of experts, which may not necessarily be readily available with in-house personnel, and gives a state access to expensive computer and mapping equipment without having to purchase it. Contracting out helps the private

sector by providing work to the many firms offering transportation design expertise. It also benefits the general public because it delivers transportation programs on a timely and more cost efficient basis. Finally, by contracting out work to tax paying companies, the tax receipts of local, state and federal governments will be enhanced.

ACEC urges the Committee to include an additional provision in the 1991 Surface Transportation Act that would establish a "Private Sector Involvement Program" to provide an incentive for state transportation agencies to rely on the private sector for design and other engineering and technical services necessary for the development, operation and maintenance of roads and highways. Our proposal would not impose a new federal mandate on the States. Rather, a grant "reward" would be established for the most innovative and aggressive states in utilization of private firms for design services. The Secretary of Transportation would select those outstanding state private sector involvement programs for grants from the Secretary's discretionary funds. Since the grants would come from an existing program and funds already authorized and appropriated, the awards would not have an adverse budgetary impact. We welcome your endorsement of this concept as part of the Committee's bill.

In conclusion, the American Consulting Engineers Council strongly urges the Committee to endorse legislative language on uniform audits and contracting out as described in my testimony today to address serious concerns facing consulting engineers across the nation when providing services for State departments of transportation under the Federal-Aid Highway Program. ACEC looks forward to working with the Committee to develop legislation which will shape the future of our nation's highway and transit programs for the 21st Century.

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to appear here today. I would be happy to answer any questions.

**Statement**

**for**

**The National Stone Association**

**by**

**Mr. Kenneth D. Mulzer**

**NSA Chairman And Secretary, Mulzer Crushed Stone, Inc.**

**before**

**The House Surface Transportation Subcommittee**

**on**

**The Surface Transportation Assistance Act (H.R. 1351)**

**April 18, 1991**

Mr. Chairman, I am Kenneth D. Mulzer, Secretary of Mulzer Crushed Stone, Inc., in Tell City, Indiana. My appearance today is on behalf of the National Stone Association (NSA) where I serve as 1991 Chairman of the Board. With me is Mr. Paul Mellott, Jr., Executive Vice President of H.B. Mellott Estate, Inc., in McConnellsburg, Pennsylvania, and Chairman of NSA's Government Affairs Division.

The National Stone Association represents approximately 500 producers of crushed stone and the related industries that provide services and supplies to our producer members. Our Association represents companies that account for over 80 percent of the crushed stone produced in the United States and provide over 64,000 jobs. Stone is quarried in 70 percent of the counties in the country and 49 out of the 50 states. It is a $5.5 billion a year industry and is the largest non-fuel mineral extractive industry in the country.

We are both a major supplier to the transportation construction process and a user of the nation's transportation infrastructure. Approximately 86 percent of crushed stone is trucked directly to its end use from our quarries. In addition, much of the stone that is shipped initially by rail or barge will reach its final destination by truck. We share your and other members of the committee's concern with the need to develop efficient and effective intermodal links. Because of the location of our facilities, the vast majority of our employees must commute to their jobs by automobile so congestion is impacting employees on a daily basis as they go to and from their jobs.

We are vitally concerned as business people and citizens with the decline in the performance of our nation's transportation infrastructure. I have a two-fold purpose in testifying today. First, I wish to voice NSA's vigorous support for the timely passage of the Surface Transportation Assistance Act, HR 1351, at adequate funding levels to meet our nation's transportation needs. As you know from Mr. Mellott's letter of March 20, 1991 to you and

Congressmen Roe, Hammerschmidt and Shuster, our Association supports the funding levels you have proposed. Increasing federal transportation funding to $153 billion during the next five years more accurately reflects the federal responsibility for meeting the nation's mobility needs and returns trust to the Highway Trust Fund by employing user fee revenues for the purposes for which they were collected.

We agree that the time to rebuild America's transportation infrastructure is now. The American people are willing to pay the user fees to develop a safe and efficient transportation system. As you have clearly pointed out, if the nation is to prosper in a global economy, we must stop amassing surpluses in transportation trust funds and use the money to restore our infrastructure and create a transportation system that improves our productivity and enhances our competitive edge.

Let me also take this opportunity to thank you for the excellent article on this legislative issue you contributed to the April issue of Stone Review, our Association's bi-monthly magazine. As you noted "We can differ about the final cost, but to me there is no more universal trust than this: How we spend the money is as important as how much money we spend."

This leads me to my second purpose in being here today which is to tell the subcommittee about the new Aggregates Research Center that NSA is establishing in cooperation with the National Aggregates Association as a major private sector initiative. It will enhance the productive use of aggregates and ultimately the value they provide to travelers and taxpayers through their applications in the building, restoring and maintenance of our nation's roads, bridges and highways. Our industry has currently raised some $3.4 million for an Aggregates Foundation that will fund the Center. The Center will be located at a major university and provide an independent focal point for the development and distribution of basic and applied research on crushed stone, gravel, natural sand and other aggregates for all construction and highway end uses.

The Center will work closely with public agencies (Departments of Transportation, Public Works organizations, U.S. Corps of Engineers, etc.), other academic and industrial research and educational institutions, architects, engineers and leading corporations to ensure that the proper usage of aggregates, innovative end-use applications, durable construction and cost-effective paving procedures will be utilized.

In addressing the nation's infrastructure crisis, we face the issues of repairing the existing decay in our system, developing better methods for preserving our existing multi-trillion dollar investment in our roads and bridges and formulating new ways to build more road capacity with scarce dollars.

The Aggregates Research Center will provide a bold new approach to developing credible new information on the use of aggregates in all types of construction and highway applications. The Center will work to develop sound technical and scientific information about aggregate products, promote understanding of the factors influencing the properties of aggregates and of mixtures in which aggregates are used, provide information to federal and state user agencies for the design of improved structures utilizing aggregates, assist users in making knowledgeable choices in the marketplace, and to conduct educational programs for the transfer of research information to practicing and future engineers.

The bottom line for highway users will be better, more durable and hopefully safer roads and bridges constructed in the most cost-effective manner. We believe this investment by our industry represents the essence of what de Tocqueville called "self-interest properly understood."

**Summary**

Mr. Chairman, the Chairman of the House Committee on Public Works and Transportation, The Honorable Robert Roe summed up our situation very succinctly when he said, "While the

world has been changing around us and while our major economic rivals have been growing even stronger, we have not been preparing for the future."

The Surface Transportation Assistance Act provides Congress and the Administration with the opportunity to turn this situation around. The dynamic interaction between infrastructure investment, productivity, growth and the generation of new wealth will allow us to build the infrastructure the country needs based on user fee revenues.

In his book The Work of Nations Robert B. Reich points out that investment in wealth generating assets such as transportation infrastructure produces an expanding circle of economic growth that can impact the future of America's standard of living and ability to compete in a global market.

As you may have seen in the Monday, April 15, 1991, edition of Roll Call, NSA has joined with over 85 other companies and associations in an open letter which recommends that Congress:

1. Reauthorize the federal surface transportation program for four or more years prior to the September 30, 1991 expiration date;

2. Provide the necessary funding to meet the identified highway and transit needs, and provide for the spend-down of the rapidly accumulating balance in the Highway Trust Fund;

3. Restore to the Highway Trust Fund the 2.5 cent increase in the federal motor fuels user fees enacted in last year's budget reconciliation act; and

4. Provide for the permanent independent reauthorization of the Highway Trust Fund.

As an individual Association, we have endorsed the basic structure the Administration has proposed for providing federal-aid to the states through the National Highway System, the Urban-Rural Program, the Bridge Program, the use of toll roads and public-private partnerships to expand investment in infrastructure. In addition, we support the Administration's call for additional spending in the research and development area.

U.S. Department of Transportation Secretary Samuel K. Skinner should be congratulated on the outstanding job he has done in developing a National Transportation Strategy and formulating his proposed legislation. Clearly, they have done an excellent job in framing the policy debate.

However, the financial component of the Administration's proposal does not meet the nation's infrastructure needs or keep faith with the user fee concept. There can be no further build-up in the Highway Trust Fund. Existing surpluses should be used to finance needed projects. Further, the overall funding levels proposed by the Administration are inadequate. As mentioned above, we support the levels proposed by yourself and the other leaders of the Public Works Committee which would provide $21 billion for highways next year and $24.5 per year for the remainder of the authorization period. While we do not have a specific recommendation on matching ratios for each program area, long-term needs studies continue to show that even higher spending levels would be required to keep America's lead in mobility. Groups such as the American Association of State Highway and Transportation Officials have developed comprehensive programs multi-modal programs, that should be considered in establishing different infrastructure investment rates.

We do believe that the overall federal share for meeting our highway needs is more than 22 percent currently provided. The long term policy goal should be to restore the federal share to the previous level of approximately 30 percent. This expanded federal commitment needs to be matched by expanded efforts by state and local governments as well. DOT Secretary

Skinner has raised valid points concerning the role increased state and local financial contributions make in improving project selection and construction management.

Pat Choate began a good deal of the debate on America's infrastructure crisis with his book America in Ruins. Today, he notes that the criteria for competition in a global economy are price, quality, service, marketing and innovation. Transportation infrastructure impacts all of these factors. On behalf of the National Stone Association, I urge you and the members of the subcommittee to report out a bill that can move America into the 21st century and restore our competitive edge.

Thank you for your consideration of our views. The balance of our comments are included in my written statement which I submit for the hearing record.

I would be happy to answer any questions.

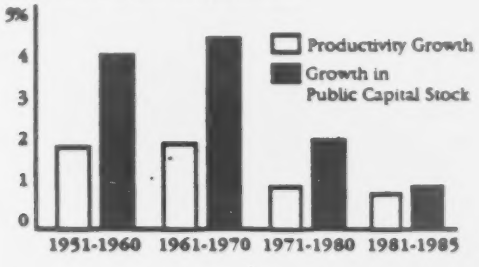
**Why America Is In Ruins**

By almost every measure, the U.S. has been reducing its investment in infrastructure. As a share of gross national product (GNP), spending on public capital has dropped from 2.3 percent of GNP in 1960 to less than 1.1 percent in 1985. The U.S. ranks 55th in the world in capital investment in infrastructure. It spends a smaller share of its resources on highway investments than Japan, which relies more heavily on rail transportation than does the U.S.

As noted by David A. Aschauer, former senior economist at the Federal Reserve Bank, the net result is a decline in U.S. competitiveness. "A root cause of the decline in the competitive position of the United States in the international economy may be found in the low rate at which our country has chosen to add to its stock of highways, port facilities, airports and other facilities which aid in the production and distribution of goods and services."

As shown in Chart 1, as the U.S. investment in infrastructure has fallen, so has its productivity. Other measures show a decline in infrastructure investment as well. Absolute dollar amounts invested in infrastructure when measured in 1972 constant dollars fell by 17 percent between 1964 and 1985. When measured on a per capita basis, spending has dropped by 40 percent since 1964. Perhaps the clearest way to demonstrate the decline in surface transportation infrastructure investment is to compare some numbers from the 1960s and 1980s. In the 1960s, 12 cents of every dollar spent on automotive transportation went toward roads. In the 1980s, only six cents of every dollar has gone toward the U.S.'s road network -- a 50 percent reduction at a time of escalating road use.

**CHART 1: U.S. Productivity Decline and Public Capital Accumulation**



Between 1968 and 1988, the private sector invested in new plants and equipment at a much higher rate than the public sector invested in infrastructure. Private-sector spending on capital rose from just over $4 trillion in 1982 to $7.3 trillion in 1988 while non-military public capital stock increased from $1.2 trillion to $1.7 trillion. The ratio of public to private fixed capital stocks sunk from over 30 percent in 1968 to approximately 23 percent by the end of 1988.

As Dr. Aschauer noted in a March 14, 1990, Wall Street Journal editorial, "Public Spending and Private Profit":

> Countries that sustain a high level of public investment relative to output experience higher productivity growth than other countries. For example, during the past two decades Japan has invested about 5.1% of output in public works and achieved productivity growth of 3.1% per annum while the U.S. has maintained a low public investment ratio of 0.3% and seen inferior productivity growth of 0.6% per year. A part of the explanation of the decline in the competitive position of the U.S. may be found in the low rate at which it has added to its stock of ports, highways, airports and other facilities that aid in the production and distribution of goods and services.
>
> Yet physical capital investment slid from 24.3% of total federal outlays in 1960 to 11% in 1990 and is scheduled to fall to 10.7% in 1991. Similarly, total federal investment has slumped from 34.1% of outlays in 1960 to 19.4% in 1990 and, if the president's proposed budget were adopted, would decrease to 19.2% in 1991.

Twenty years of underinvestment has led to the wearing out of the basic systems necessary to support economic growth.

**America's Changing Transportation Needs**

The 1980s have been the decade of the suburbs in terms of economic growth. Since 1950, 86 percent of the U.S.'s population growth has taken place in the suburban areas surrounding central cities. While Americans were deciding they liked the density of suburban living, they were also choosing to live in large metropolitan areas. By the mid-1980s, approximately half of the U.S. population lived in 35 areas with 1 million or more people, and one of three Americans lived in areas with 2.5 million or more people. (Seventy-five percent of all Americans live in metropolitan areas.)

In 1950, only 17 American metropolitan areas had populations of one million or more. These areas contained less than 30 percent of the nation's population. Jobs moved with population. Between 1960 and 1980, over 60 percent of all job growth took place in the suburban areas. In 1960, American suburbs had about 14 million jobs or 35 percent of the U.S.'s employment base. By 1980, the number of jobs had more than doubled to 33 million. Today, as we enter the 1990s, businesses in the suburbs employ 60 percent of all workers and are responsible for 67 percent of all job growth.

The impact of these trends can be seen in communities around the country.

> In Gwinnett County, 18 miles outside of Atlanta, the population has grown from 72,000 in 1970 to 250,000 in 1987.
>
> Oakland County, near Detroit, has been responsible for 40 percent of all job growth in Michigan since 1982.
>
> Tysons Corner, a sprawling Washington, D.C. suburb in Fairfax County, Virginia, has more office space than either Baltimore or downtown Miami.

> This growth in the number of people and jobs in new suburban locations has doubled commuting time and has led to rush hours in the New York metropolitan area that will last for 15 hours a day by 2000.

In addition to shifts in population and job locations, there continues to be a major social change in the composition of the work force, as the Eno Transportation Foundation Report, Commuting in America, points out.

> Between 1960 and 1980, the working-age population increased by 40 million, an increase of 38 percent, compared to an overall population growth of 26 percent.

> More than twice as many people entered the working-age group between 1970 and 1980 as did in the 1950 to 1960 period. Total population is projected to grow by another 40 million by 2010.

> In 1950, about one-third of working age women were in the labor force. By 1985, that figure had jumped to almost two-thirds. Of the 50 million new entries into the labor force since 1950, 30 million were women. Women represented only 28 percent of the labor force in 1950; today they exceed 44 percent. Furthermore, studies reveal that the trip patterns of women differ from those of men in that women tend to make more "chained" trips, involving travel, for example, to child care centers or shopping areas before and after work. The frequency of trips is also increased by the growth of part-time employment, particularly for women. Although these latter changes in the labor force may lessen recurring traffic congestion, they tend to increase traffic flows throughout the metropolitan area.

> In those metropolitan areas experiencing high rates of population growth in the 1970s, the growth in the number of workers was far in excess of population growth.

> Phoenix, the fastest-growing large metropolitan area in the nation, increased in population by 55 percent between 1970 and 1980. The worker increase was 80 percent, 25 percentage points higher.

This explosion of workers has led to an explosion in commuters, and the U.S. is more dependent that ever on the automobile. The U.S. is faced with a national gridlock problem that is threatening its quality of life and economic vitality.

**Updating for the 1990s**

While final data from the 1990 census are continuing to be formalized, it is clear that certain important trends impacting our transportation network are continuing. Perhaps the most important for this legislation is the continuing suburbanization of families and jobs and the shift in freight movements to new patterns of value movement versus bulk movement. Speed, flexibility and reliability are essential for a transportation system dealing with the new pattern of dispersed housing and work location that will be the key attributes to travel demand in the 1990s.

One of the clearest ways to understand the impact of this locational shift to suburbs is to recognize that only slightly more than 30 percent of all metropolitan travel is commuting to and from work. In fact, even at peak commuting hours, the amount of travel connected to commuting is 55 percent in the morning peak period and 37 percent in the night period travel. The continuing impact of part-time workers, two-job holders, a service economy and two income households is altering how we use and view our surface transportation network. For the foreseeable future, the main means for meeting our surface transportation needs will be developing safe, efficient and environmentally sound methods of accommodating and managing automobile and truck traffic. Transit can play a role in dealing with certain aspects

of journey to work trips. However, even if current transit ridership was to double from some 6 million to 12 million riders a day it would only equal 10 percent of all commuter trips and less than 1 year's increase in the growth of all trips.

**Consequences**

The infrastructure crisis can be measured in terms of physical decay of transportation facilities and in the social and economic impact of congestion.

Let me share with the committee some examples in both areas.

More than 60 percent of the miles of paved highways in the U.S. need some form of surface rehabilitation. In 1988, the U.S. Department of Transportation classified 43 percent of the interstate system pavement as either fair or poor. Operating costs are closely correlated with pavement conditions. Truck costs shoot up to 6.3 cents per mile when road conditions drop from "good" to "fair." Continuing current levels of highway funding will result in further deterioration of the highway system, resulting in an estimated $1,000 increase in vehicle operating costs per household. The relationship fortunately works the other way as well. Every $1 invested in highways reduces direct operating costs by $3 to $4. Today, 35 percent of the interstate system has outlived its design life.

Highway congestion already is serious in many areas, and the total number of miles travelled annually by vehicles will increase by one-third over the next decade to 3 trillion.

By 2005, traffic delays caused by inadequate roads will cost the U.S. $50 billion a year in lost wages and wasted gasoline. Continued neglect of infrastructure is also costing jobs

and increasing costs. The Port Authority of New York and New Jersey estimated that the region has lost 600,000 jobs as a result of infrastructure deterioration. In Pittsburgh, U.S. Steel estimated that it pays at least $1 million a year in additional costs to detour its trucks 18 miles around a major bridge closed by the state for lack of repair.

According to various Federal Highway Administration (FHWA) studies, congestion problems are growing throughout the transportation system. FHWA found that the percentage of urban interstate miles considered to be congested grew from 31.5 to 46.7 percent in the mid-1980s. In a 1983-85 survey of 37 metropolitan areas with a population of more than 1 million, traffic delays increased more than 90 percent in rural sections, about 50 percent in suburban areas, and 20 percent in central sections.

Traffic congestion imposes direct costs upon the individual by increasing personal travel time and vehicle operating costs in terms of fuel and motor oil consumption. For example, the California Chamber of Commerce estimated that traffic delays and rough roads cost motorists $135 a year in lost time and another $97 in fuel and maintenance costs. The Texas Transportation Institute estimated the 1986 per capita cost of congestion (user cost and additional fuel cost) at $330 without the added cost of higher insurance premiums associated with more congestion-related accidents, and $400 per capita including the insurance adjustments. Indirect costs, stemming from higher accident rates associated with driving in congested traffic, added vehicle wear and tear, degradation in the quality of travel, and higher insurance premiums, are more difficult to quantify.

Various organizations in Southern California have estimated that traffic delays amount to 300,000 to 485,000 hours per day for motorists in the greater Los Angeles area. According to a transportation official for Los Angeles County, the cost of these hours of delay is valued at over $507 million per year. The Southern California Association of Governments estimated the daily cost of recurring congestion in the Los Angeles region at over $7 million, using 1984 data and 1987 prices.

The trucking industry is also affected by congestion. According to FHWA officials, the total annual cost for trucks being delayed on freeways is between $4.2 and $7.6 billion, based on estimated vehicle operating costs combined with driver time charges of between $30 and $55 per hour. Losses on urban streets, docking areas and transfer stations may go as high as $23 billion. This does not include the opportunity costs from lost sales due to products not being available.

**Impact on Business Operations and Productivity**

There is a saying in business that nothing starts to happen until someone makes a sale. The corollary to that statement is that no job is finished until the product is delivered.

The declining quality of our highway infrastructure is impacting all aspects of business operations and by increasing costs and imposing delays that are hindering our ability to compete in a global economy.

TABLE 1

**Percent of Volume Shipped Just-in-Time by Industry**

| Industry | 1987 | 1990 | 1995 |
|---|---|---|---|
| Food | 25.5% | 31.3% | 34.4% |
| Chemical | 10.9 | 20.0 | 29.9 |
| Pharmaceutical | 7.2 | 15.0 | 22.2 |
| Automotive | 16.9 | 35.8 | 41.9 |
| Paper | 15.8 | 20.0 | 27.5 |
| Electronic | 23.2 | 27.2 | 31.3 |
| Clothing/Textile | 29.5 | 41.8 | 49.0 |
| Other Manufacturing | 23.5 | 28.7 | 34.8 |
| Merchandise | 6.3 | 10.4 | 12.1 |
| Total Response | 19.2% | 26.8% | 32.1% |

Source: Customer Service: A Management Perspective, Oak Brook: Council of Logistics Management, 1988.

As shown in Table 1, all aspects of American business are using just-in-time inventory procedures to reduce inventory costs and limit the amount of capital tied up in unproductive areas. This requires a transportation system that can respond in a reliable and predictable manner. To utilize plant and equipment and use labor more efficiently, firms are also using lower production run numbers. However, this process requires more deliveries of raw materials and subcomponents as well as additional shipments to customers. Increasingly, businesses of all sizes and in all sectors of the economy are investing in new information systems that provide them with fast and reliable data on the status of their operations. These new management resources cannot be translated into economic efficiencies unless we can move goods effectively.

Transportation is a significant component of the cost of all goods. On average, 20 percent of the final cost of goods is the result of transportation expenses. An inefficient transportation system increases costs throughout the economy because it has an impact on manufactured goods at all stages of the production process.

To be effective and efficient, the transportation sector needs the current infrastructure decay reversed. As pointed out earlier, the U.S. is annually suffering billions of dollars in losses from the current poor state of our infrastructure. We need to build new roads and expand our existing network to reduce current congestion problems and restore levels of mobility in our economy consistent with the standards that existed in the late 1960s and early 1970s. DOT has forecasted a 436 percent increase in freeway delays by 2005 if we do not act to expand capacity. Even using a more cautious forecasting approach, GAO (the Government Accounting Office) has estimated a 300 percent increase in delays. If these forecasts are allowed to come true, increased transportation costs could erode any other gains we make in improving manufacturing productivity and reducing costs in other aspects of manufacturing.

As the leading management expert Peter F. Drucker has pointed out, as an organization better controls direct production costs, indirect costs such as freight charges play an expanding role in your ability to compete.

Business is increasingly recognizing that the essence of automated production is a system organized around information. To fully utilize the benefits of an information-driven manufacturing process we need a support system that is reliable, efficient and cost effective.

The U.S. is not better able to compete if we eliminate manufacturing productivity gains through escalating transportation costs. It does management no good to have better information with which to plan and control its production funds and inventory levels if it cannot rely on the transportation network to deliver raw materials and or subcomponents to the plant and finished products to the customers in a timely fashion.

A sound transportation system is a precondition for a globally competitive economy. We need to build a transportation network with sufficient capacity to support our current requirements to move people and goods, provide room for future growth and create an environment that encourages innovation. To determine the proper level of infrastructure investment, we need to balance our engineering skills and construction capacities, our social and economic needs, a healthy concern for the environment and our ability to pay.

Statement by the
International Snowmobile Industry Association
to the
U.S. House of Representatives Committee
on Public Works and Transportation
Subcommittee on Surface Transportation
Regarding
Authorization of Post-Interstate Surface
Transportation Programs

Mr. Chairman, my name is Roy Muth and I serve as the President and Chief Executive Officer of the International Snowmobile Industry Association (ISIA), the trade association for the snowmobile industry. ISIA's members are manufacturers of snowmobiles, suppliers to the industry, snowmobile distributors and trail groomer manufacturers. I also serve as Chairman of the American Recreation Coalition's task force on trails. The American Recreation Coalition (ARC) is a federation of more than 100 associations and corporations representing the recreation/leisure industry and millions of recreationists. We appreciate the opportunity to comment on a subject that is very important to us: integrating the establishment of a national recreational trails fund into the reauthorization of surface transportation programs.

Since I am Chairman of the ARC task force, some of my comments will be generic in nature while others will specifically reflect the experience of the snowmobile community. Other task force members, representing both motorized and nonmotorized recreation interests, will also be submitting comments to the Subcommittee.

In recent years, the growth of trail-based recreation has been phenomenal. However, providing adequate trails to accommodate this growth has become increasingly difficult. Let me use an example from snowmobiling. Trails form the backbone of the sport of snowmobiling. In North America, there are now over 100,000 miles of signed and maintained snowmobile trails. In the United States, the greatest number of miles of trails is found in Wisconsin (13,600 miles), Minnesota (12,500 miles) and Maine (9,400 miles). However, virtually every state in the snowbelt has some snowmobile trails and the mileage is growing.

Currently, funding for snowmobile trails comes from two sources: state snowmobile registration fees and state gasoline taxes. In those states with extensive trail systems, trail funding runs into the millions of dollars. As an example, last year Wisconsin's program was funded at $3,500,000, Michigan's was funded at $2,500,000 and Minnesota's was funded at $2,300,000. However, we are finding throughout the snowbelt that these funds are not sufficient to meet the increasing expenses associated with snowmobile trail development and maintenance.

As you know, H.R.1155, the National Recreational Trails Fund Act of 1991, was introduced by Representative Thomas Petri to provide an additional source of funds for trail programs: a portion of federal gasoline tax monies. A copy of H.R.1155 is attached to my written statement as is a copy of a series of questions and answers on the bill prepared by the ARC task force. In view of

the fact that federal gasoline taxes are intended to be user fees, this legislation would allocate federal gasoline tax revenues derived from trail-related activities to the construction and maintenance of trails rather than highways.

Under provisions of this legislation, a National Recreational Trails Trust Fund would be established and monies would be transferred to this fund from the Highway Trust Fund. The amount deposited would be that attributed to the use of gasoline for off-road recreation and back country camping. The amount is set at one half of one percent of total annual Highway Trust Fund receipts, which would provide an estimated $75,000,000 annually. The program would be administered by the Department of the Interior.

Grants from the fund would be allocated to the states. Those monies could be used for:

- construction and maintenance of trails;
- acquisition of easements;
- acquisition of property from a willing seller when the objective of the acquisition could not be accomplished by other means;
- development of trailside facilities;
- operation of state environmental protection and safety education programs related to the use of recreational trails; and
- expenses incurred by the state to administer the program.

In discussions about this legislation, the question that is raised invariably is "Will the fund aid all trail interests -- motorized and nonmotorized?" The answer is an emphatic "yes."

Motorized and nonmotorized recreation must each receive the benefit of at least 30 percent of a state's allocated monies. In addition, 40 percent of a state's allocation must be spent in a manner which gives preference to project proposals providing for the greatest number of recreational purposes and for innovative trail corridor sharing to accommodate both motorized and nonmotorized uses. It is also important to note that not all trails funded under this program must be open to some or all motorized recreational activities. We seek to create more and better trails for all uses while recognizing that mixing some trail uses can be unsafe and reduce the quality of the experience.

We think that H.R.1155, the National Recreational Trails Fund Act of 1991, offers an important opportunity to improve trail-based recreation for Americans. In addition, because it involves the use of Highway Trust Fund monies, we think it would be very appropriate to incorporate the bill's provisions in the final legislation reauthorizing the Surface Transportation Act.

Once again, thank you for listening to my presentation. I'll be happy to try to answer any questions you may have at this time.

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102D CONGRESS
1ST SESSION

# H. R. 1155

To set aside tax revenues collected on recreational fuels not used on highways for the purposes of improving and maintaining recreational trails.

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 1991

Mr. PETRI (for himself, Mr. BEREUTER, Mr. BLAZ, Mr. CAMPBELL of Colorado, Mr. CLINGER, Mr. GOODLING, Mr. GUARINI, Mr. GUNDERSON, Mr. HUBBARD, Mr. HUGHES, Mr. HUNTER, Mr. KYL, Mr. MARLENEE, Mr. SENSENBRENNER, Mr. SCHIFF, Mr. SMITH of Oregon, Mr. THOMAS of Wyoming, Mrs. VUCANOVICH, and Mr. YOUNG of Alaska) introduced the following bill; which was referred jointly to the Committees on Ways and Means, Interior and Insular Affairs, and Public Works and Transportation

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# A BILL

To set aside tax revenues collected on recreational fuels not used on highways for the purposes of improving and maintaining recreational trails.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE**

This Act may be cited as the "National Recreational Trails Fund Act of 1991".

**SEC. 2. FINDINGS.**

The Congress finds that—

(1) the Highway Trust Fund has successfully and equitably provided the means for improvements in and maintenance of the nation's highway infrastructure, such success being largely attributable to the Fund's "user-fee" structure, that being the directly proportionate relationship between the amount of highway use (as measured in fuel consumption) and the amount each user pays into the Fund;

(2) the "user-fee" concept requires that nonhighway fuels not be taxed to pay for highway benefits, a noticeable deviation from this policy being the taxation of recreational fuel not used on Federal highways.

(3) like highways, the national infrastructure of recreational trails and back country terrain must be constructed and maintained, but such construction and maintenance has historically received less than adequate funding;

(4) efforts to more perfectly apply a "user-fee" concept to the financing and maintenance of a national infrastructure, both on highways, and for recreational purposes off the highway, will likely enhance the success of both endeavors; and

(5) it is both equitable and prudent, for safety, environmental protection, and recreational reasons, to assure availability of financial means to maintain and

improve recreational trails and back country terrain by reserving for those purposes a portion of fuel use taxes imposed on fuels for recreational use not occurring on Federal highways.

SEC. 3. CREATION OF NATIONAL RECREATIONAL TRAIL TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to trust fund code) is amended by adding at the end thereof the following new section:

"SEC. 9511. NATIONAL RECREATIONAL TRAILS TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'National Recreational Trails Trust Fund', consisting of such amounts as may be appropriated, credited, or paid to it as provided in this section, section 9503(c)(6), or section 9602(b).

"(b) EXPENDITURES FROM TRUST FUND.—Amounts in the National Recreational Trails Trust Fund shall be available, as provided in appropriations Acts, for making expenditures to carry out the purposes of the National Recreational Trails Fund Act of 1991.".

(b) DEPOSIT OF UNREFUNDED HIGHWAY TRUST FUND MONEYS.—Section 9503(c) of the Internal Revenue Code of 1986 (relating to Highway Trust Fund) is amended—

(1) by adding at the end thereof the following new paragraph:

"(6) TRANSFERS FROM THE TRUST FUND FOR NONHIGHWAY RECREATIONAL FUEL TAXES.—

"(A) TRANSFER TO NATIONAL RECREATIONAL TRAILS TRUST FUND.—The Secretary shall annually pay from the Highway Trust Fund into the National Recreational Trails Trust Fund amounts (as determined by the Secretary) equivalent to 0.5 percent of total Highway Trust Fund receipts, as adjusted by Secretary pursuant to subparagraph (B).

"(B) ADJUSTMENT OF PERCENTAGE.—

"(i) IN GENERAL.—Not more frequently than once every 3 years, the Secretary may increase or decrease the percentage of Highway Trust Fund receipts paid into the National Recreational Trails Trust Fund to more accurately reflect, in the Secretary's estimation, revenues received from nonhighway recreational fuel taxes.

"(ii) AMOUNT OF ADJUSTMENT.—The amount of an adjustment in the percentage stated in clause (i) shall be not more than 10

percent of that percentage in effect at the time the adjustment is made.

"(iii) USE OF DATA.—The Secretary shall make use of data on off-highway recreational vehicle registrations and use in making an adjustment under clause (i).

"(C) DEFINITIONS.—For the purposes of this paragraph—

"(i) NONHIGHWAY RECREATIONAL FUEL TAXES.—The term 'nonhighway recreational fuel taxes' means the taxes under sections 4041, 4081, and 4091 (to the extent attributable to the Highway Trust Fund financing rate) with respect to fuel used as nonhighway recreational fuel.

"(ii) NONHIGHWAY RECREATIONAL FUEL.—The term 'nonhighway recreational fuel' means—

"(I) fuel used in vehicles and equipment on recreational trails or back county terrain, including use in vehicles registered for highway use when used on recreational trails or back country terrain; and

"(II) fuel used in campstoves and other outdoor recreational equipment."; and

(2) by striking paragraph (2)(C) and inserting the following:

"(C) EXCEPTION FOR USE IN AIRCRAFT AND MOTORBOATS, AND AS NONHIGHWAY RECREATIONAL FUEL.—This paragraph shall not apply to amounts estimated by the Secretary as attributable to—

"(i) use of gasoline and special fuels in motorboats or in aircraft, and

"(ii) use of gasoline as nonhighway recreational fuel as defined in paragraph (6)(C)(ii).".

(c) CONFORMING AMENDMENT.—Section 6421(e)(2) of the Internal Revenue Code of 1986 (defining off-highway business use) is amended by adding at the end thereof the following new subparagraph:

"(C) EXCEPTION FOR USE AS NONHIGHWAY RECREATIONAL FUEL—The term 'off-highway business use' does not include any use as nonhighway recreational fuel as defined in section 9503(c)(6)(C)(ii).".

(d) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new item:

"Sec. 9511. National Recreational Trails Trust Fund.".

SEC. 4. NATIONAL RECREATIONAL TRAILS PROGRAM.

(a) IN GENERAL.—The Secretary, using amounts available in the Fund, shall administer a program allocating moneys to the States for the purposes of providing for and maintaining recreational trails.

(b) STATE ELIGIBILITY.—

(1) TRANSITIONAL PROVISION.—Until the date that is 3 years after the date of enactment of this Act, a State shall be eligible to receive moneys under this Act only if such State's application proposes to use the moneys as provided in subsection (d).

(2) PERMANENT PROVISION.—On and after the date that is 3 years after the date of enactment of this Act, a State shall be eligible to receive moneys under this Act only if—

(A) the State has established a State Recreational Trails Advisory Board on which both motorized and nonmotorized recreational trail users are represented;

(B) in the case of a State that imposes a tax on nonhighway recreational fuel, the State by law

reserves the revenues from that tax for use in providing for and maintaining recreational trails;

(C) the Governor of the State has designated the State official who will be responsible for administering moneys received under this Act; and

(D) the State's application proposes to use moneys received under this Act as provided in subsection (d).

(c) ALLOCATION OF MONEYS IN THE FUND.—

(1) ADMINISTRATIVE COSTS.—No more than 3 percent of the expenditures made annually from the Fund may be used to pay the cost to the Secretary for—

(A) approving applications of States for moneys under this Act;

(B) paying expenses of the National Recreational Trails Advisory Committee; and

(C) conducting national surveys of nonhighway recreational fuel consumption by State, for use in making determinations and estimations pursuant to this Act.

(2) ALLOCATION TO STATES.—

(A) AMOUNT.—Amounts in the Fund remaining after payment of the administrative costs described in paragraph (1), shall be allocated and

paid to the States annually in the following proportions:

(i) EQUAL AMOUNTS.—50 percent of such amounts shall be allocated equally among eligible States.

(ii) AMOUNTS PROPORTIONATE TO NONHIGHWAY RECREATIONAL FUEL USE.—50 percent of such amounts shall be allocated among eligible States in proportion to the amount of nonhighway recreational fuel use during the preceding year in each such State, respectively.

(B) USE OF DATA.—In determining amounts of nonhighway recreational fuel use for the purposes of subparagraph (A)(ii), the Secretary may consider data on off-highway vehicle registrations in each State.

(d) USE OF ALLOCATED MONEYS.—

(1) PERMISSIBLE USES.—A State may use moneys received under this Act for—

(A) maintenance of existing recreational trails, including the grooming and maintenance of trails across snow;

(B) restoration of areas damaged by usage of recreational trails and back country terrain;

(C) construction of new trails where a recreational need for such construction is shown;

(D) acquisition of easements;

(E) acquisition of fee simple title to property from a willing seller, when the objective of the acquisition cannot be accomplished by acquisition of an easement or by other means;

(F) development of trail-side and trail-head facilities that meet goals identified by the National Recreational Trails Advisory Committee;

(G) in an amount not exceeding 5 percent of the amount of moneys received by the State, operation of environmental protection and safety education programs relating to the use of recreational trails;

(H) development of urban trail linkages near homes and workplaces; and

(I) in an amount not exceeding 7 percent of the amount of moneys received by the State, administrative costs of the State.

(2) USE NOT PERMITTED.—A State may not use moneys received under this Act for condemnation of any kind of interest in property.

(3) GRANTS.—

(A) IN GENERAL.—A State may provide moneys received under this Act as grants to private individuals, organizations, city and county governments, and other government entities as approved by the State's Recreational Trail Advisory Board, for uses consistent with this section.

(B) COMPLIANCE.—A State that issues grants under subparagraph (A) shall establish measures to verify that recipients comply with the specified conditions for the use of grant moneys.

(4) BALANCE OF MOTORIZED AND NONMOTORIZED BENEFITS.—Not less than 30 percent of the moneys received annually by a State under this Act shall be expended for benefits directed to motorized recreation, and not less than 30 percent of those moneys shall be expended for benefits directed to nonmotorized recreation.

(5) DIVERSIFIED TRAIL USE.—

(A) REQUIREMENT.—To the extent practicable and consistent with other requirements of this section, a State shall expend not less than 40 percent of moneys received under this Act in a manner that gives preference to project proposals—

(i) which provide for the greatest number of recreational purposes including, but not limited to, those directed under the definition of "recreational trail" in subsection (f)(5); and

(ii) which provide for innovative recreational trail corridor sharing to accommodate motorized and nonmotorized recreational trail use.

(B) COMPLIANCE.—The determination as to whether a project or grant meets the requirements of subparagraph (A) shall be made by the State Recreational Trail Advisory Board.

(6) RETURN OF MONEYS NOT EXPENDED.—Moneys paid to a State that are not expended or dedicated to a specific project within 2 years after receipt for the purposes stated in this subsection shall be returned to the Fund and shall thereafter be reallocated under the formula stated in subsection (c).

(e) COORDINATION OF ACTIVITIES.—

(1) COOPERATION BY FEDERAL AGENCIES.—Each agency of the United States Government that manages land on which a State proposes to construct or maintain a recreational trail pursuant to this Act is encouraged to cooperate with the State and the Secre-

tary in planning and carrying out the activities described in subsection (d). Nothing in this Act diminishes or in any way alters the land management responsibilities, plans, and policies established by such agencies pursuant to other applicable laws.

(2) COOPERATION BY PRIVATE PERSONS.—

(A) WRITTEN ASSURANCES.—As a condition to making available moneys for work on recreational trails that would affect privately owned land, a State shall obtain written assurances that the owner of the property will cooperate with the State and participate as necessary in the activities to be conducted.

(B) PUBLIC ACCESS.—Any use of a State's allocated moneys on private lands must be accompanied by an easement or other legally binding agreement that ensures public access to the recreational trail improvements funded by those moneys.

(f) DEFINITIONS.—For the purposes of this section—

(1) ELIGIBLE STATE.—The term "eligible State" means a State that meets the requirements stated in subsection (b).

(2) FUND.—The term "Fund" means the National Recreational Trails Fund established by section 9511 of the Internal Revenue Code of 1986.

(3) NONHIGHWAY RECREATIONAL FUEL.—The term "nonhighway recreational fuel" has the meaning stated in section 9503(c)(6)(C)(ii) of the Internal Revenue Code of 1986.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(5) RECREATIONAL TRAIL.—The term "recreational trail" means a thoroughfare or track across land or snow used for recreational purposes such as bicycling, cross-country skiing, day hiking, equestrian activities, jogging or similar fitness activities, trail biking, overnight and long-distance backpacking, snowmobiling, surface water and underwater activities, and vehicular travel by motorcycle, four-wheel drive or all-terrain off-road vehicles, without regard to whether it is a "National Recreation Trail" designated under section 4 of the National Trails System Act (16 U.S.C. 1243).

**SEC. 5. NATIONAL RECREATIONAL TRAILS ADVISORY COMMITTEE.**

(a) ESTABLISHMENT.—There is established the National Recreational Trails Advisory Committee.

(b) MEMBERS.—There shall be 9 members of the advisory committee, 8 appointed by the Secretary from nominations submitted by recreational trail user organizations, one each representing the following recreational trail uses:

(1) Hiking.

(2) Cross country skiing.

(3) Off-highway motorcycling.

(4) Snowmobiling.

(5) Horseback riding.

(6) All terrain vehicle riding.

(7) Bicycling.

(8) Four-wheel driving.

In addition, the Secretary or an appropriate government official designated by the Secretary shall be a member of the advisory committee.

(c) CHAIRMAN.—The chairman of the advisory committee shall be the government official referenced in subsection (b), who shall serve as a nonvoting member.

(d) TERMS.—Members of the advisory committee appointed by the Secretary shall be appointed for terms of 3 years; except that the members filling 4 of the 8 positions shall be initially appointed for terms of 2 years, with subsequent appointments to those positions extending for terms of 3 years.

(e) DUTIES.—The advisory committee shall meet at least twice annually to—

(1) review utilization of moneys allocated to States under this Act;

(2) establish and review criteria for trail-side and trail-head facilities that qualify for funding under this Act; and

(3) make recommendations to the Secretary for changes in Federal policy to advance the purposes of this Act.

(f) ANNUAL REPORT.—The advisory committee shall present to the Secretary an annual report on its activities.

(g) REIMBURSEMENT FOR EXPENSES.—Members of the advisory committee appointed by the Secretary shall serve without pay, but, to the extend funds are available pursuant to section 4(c)(1)(C), shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of their duties.

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1988

## NATIONAL RECREATIONAL TRAILS FUND ACT

Legislation has been introduced in both chambers of the United States Congress to create a National Recreational Trails Fund: S. 400 in the Senate, introduced by Senator Steve Symms (R-ID) and H.R. 1155 in the House of Representatives, introduced by Congressman Thomas Petri (R-WI). Both measures have attracted growing bipartisan support. Hearings on the proposals are anticipated soon, perhaps in conjunctions with efforts to reauthorize the nation's federal-aid programs for public roads. To clarify the purposes of the legislation, the bill sponsors and the Trails Task Force of the American Recreation Coalition have developed this "question and answer" information piece.

1. Question: Where will the monies for the new trails fund originate?

   *Answer: Monies will be transferred to the trails fund from the Highway Trust Fund. The amount transferred would be that portion of the federal motorfuel excise tax deposited into the fund which is attributable to off-road motorized recreation and back country camping. This amount is set at .5% (one half of one percent) initially, which would amount to an estimated $75,000,000 annually. The Secretary of the Treasury is authorized to adjust this percentage every three years, based upon estimates of actual use.*

2. Question: Have any trust funds similar to the proposed trails fund already been established?

   *Answer: Yes. the trails trust fund is similar in philosophy to the Aquatic Resources Trust Fund, commonly known as the Wallop-Breaux Fund, which aids boating access and safety, enhances the nation's fisheries and restores coastal wetlands. The Wallop-Breaux Fund receives annually 1.08% of all federal motorfuel taxes -- the portion attributable to recreational boating activities -- as well as some $50 million attributable to fuel consumed in lawnmowers, snowblowers, chainsaws and similar products.*

3. Question: How do you estimate fuel used in off-road motorized recreation?

   *Answer: The numbers of snowmobiles, off-road motorcycles and other vehicles is known through state registration programs and manufacturer shipments, and the use cycles of those vehicles has been studied by a dozen states and federal agencies including the Environmental Protection Agency. In fact, many states already transfer state motorfuel taxes on these vehicles to state trails funds. It is envisioned that a national survey to determine fuel usage in off-road recreation vehicles and back country camping would be conducted within three years of passage of this act.*

4. Question: Who will be eligible to receive these funds?

   *Answer: The funds will be distributed to eligible states.*

5. Question: What must a state do to be eligible for funds?

   *Answer: Initially, eligibility is automatic. After 3 years, states must have taken two steps to maintain eligibility. The first is to establish a State Recreational Trails Advisory Board on which both motorized and non-motorized recreational trail users are represented. The second is to reserve state fuel taxes collected on off-highway recreation fuels for trail construction and maintenance. Obviously, the state must also commit to using the federal funds for the purposes set forth in the act.*

6. Question: How will the available funds be allocated among states?

*Answer: First, up to 3% of the monies will be available to offset the costs to the Department of the Interior for administering the program. 50% of the remaining amount will be allocated equally among all eligible states. The remaining funds will be allocated among eligible states in proportion to the amount of off-highway recreation fuels used in each state.*

7. Question: Who will administer the state trail program?

*Answer: This will probably vary from state to state; the decision on assigning responsibility rests with each governor.*

8. Question: Who will determine a state's eligibility?

*Answer: The Secretary of the Interior, who will consult with the newly-created national Recreational Trails Advisory Committee.*

9. Question: What types of projects would be eligible for funding?

*Answer: Grant monies could be used for:*

- *construction and maintenance of trails;*
- *acquisition of easements;*
- *acquisition of property from a willing seller when the objective of a trail cannot be accomplished by other means;*
- *development of trail-side facilities approved by the new National Recreational Trails Advisory Committee;*
- *operation of state environmental protection and safety education programs relating to use of recreational trails (limited to no more than 5% of each state's allocation);*
- *expenses incurred by the state to administer the program (limited to not more than 7% of each state's allocation).*

10. Question: Will the fund aid all trail interests -- motorized and non-motorized?

*Answer: Absolutely. Motorized and non-motorized recreation must each receive the benefit of at least 30 percent of a state's allocated monies. Also, not less than 40 percent of a state's allocation must be spent in a manner which gives preference to project proposals which provide for the greatest number of recreational purposes and which provide for innovative trail corridor sharing to accommodate both motorized and non-motorized users.*

11. Question: Must all trails funded under this program be open to some or all motorized trail activities?

*Answer: No. The act seeks to create more and better trails for all uses and recognizes that mixing some trail uses can be unsafe and reduce the quality of the experience.*

12. Question: What trail uses are incompatible?

*Answer: That determination will rest with the state. However, the act does encourage states to experiment with different management practices which will assure that trails serve the greatest number of trail users as practical, including innovative trail corridor sharing programs.*

13. Question: Will funds from this program be available for trails on federal lands? State lands? Private lands?

*Answer: Yes to all of the above. Use of funds on private lands will require that the state has written assurances that the private landowner will permit use for a reasonable period, considering the level of public funds invested.*

14. Question: Can these funds be used to purchase trail corridors?

*Answer: Yes, but the act would preclude use of grant money for condemnation; willing seller transactions only would be permitted. However, such funds could be used to construct and maintain a trail on a corridor acquired through condemnation using other funding.*

15. Question: Does this act in any way alter the land use planning processes established under the National Forest Management Act, the Federal Land Planning and Management Act or change in any way the normal assessment requirements under the National Environmental Policy Act?

*Answer: Absolutely not. Rather, to the extent that any funds under this act will be spent on federal lands, it will typically be to implement trail needs identified in the land use planning processes of the federal agencies. Nothing in this act would overrule or force changes in federal land management plans.*

16. Question: Would this money divert money that would otherwise be spent on highways?

*Answer: The Highway Trust Fund currently takes in more money each year than Congress appropriates for federal-aid to highways. At the end of fiscal year 1991, the highway account of the trust fund will contain an unobligated balance of about $9 billion. This cannot be spent due to Federal obligation limitations. Thus, while the act would remove money from the Highway Trust Fund, it is unlikely to decrease the amount of money provided to the states for highways in the foreseeable future. Moreover, the excise tax on fuel imposed in 1956 to fund the Highway Trust Fund was created as a user fee, to be paid by those using the highways. Refunds for non-highway uses were provided, although individual refunds have recently been curtailed. There is no "user fee" justification for spending fuel taxes paid by off-highway recreationists for highway improvement or use.*

4/3/91

1991

National Association of Regional Councils

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TESTIMONY OF

LILLA RICHARDS, CHAIRMAN

NATIONAL CAPITAL REGION TRANSPORTATION PLANNING BOARD
WASHINGTON. D.C.

On Behalf Of

THE NATIONAL ASSOCIATION OF REGIONAL COUNCILS

Before the

SUBCOMMITTEE ON SURFACE TRANSPORTATION

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

UNITED STATES HOUSE OF REPRESENTATIVES

April 18, 1991
Washington, D.C.

President
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SCAG
Los Angeles, California

First Vice President
BRIAN CORCORAN
Puget Sound COG
Seattle, Washington

Executive Director
RICHARD C. HARTMAN
Washington, D.C.

Printed on recycled paper

# 1992

Good Morning, Mr. Chairman, and other distinguished members of the Committee. My name is Lilla Richards. I am a member of the Fairfax County Board of Supervisors, and since June of 1989 have been Chairman of the National Capital Region Transportation Planning Board (TPB). The TPB is the Metropolitan Planning Organization for the Washington area, officially designated under federal highway and transit statutes to perform transportation planning and program management for the region. The membership of the MPO includes representatives from the area's 18 cities and counties including the District of Columbia, the state legislatures of Virginia and Maryland, the state transportation agencies, the Metropolitan Washington Airports Authority, the Washington Metropolitan Area Transit Authority, and five federal agencies. I appreciate the opportunity to appear before you today on behalf of the National Association of Regional Councils, the national organization that represents substate, multi-jurisdictional MPOs, such as mine, across the country.

I would like to begin, Mr. Chairman, by thanking you and the Subcommittee for moving so expeditiously toward reauthorization of the Surface Transportation Act which expires this year. We also commend you for your efforts in seeking a broad range of views and perspectives on the future federal program.

As we enter the post-Interstate era, we hope Congress will enact a bill that reflects a bold new vision for surface transportation systems and a renewed federal commitment to the federal, state and local partnership in meeting transportation needs. The kind of vision, and the commitment that is made, will largely determine whether or not we must continue to live with increasing congestion, further environmental degradation, growing energy dependence, and declining mobility for all Americans. This is a once-in-a-generation opportunity to fashion a program that will assure continued economic vitality and global competitiveness through enhanced productivity, promote greater energy efficiency, assist in the achievement of national environmental goals, and foster an enhanced quality of life for metropolitan and rural communities alike.

I know that you and the members of your subcommittee share these goals for the surface transportation program. And the Administration shares these goals as outlined in last year's National Transportation Policy. However, as NARC indicated in testimony before you last year, we part company with the Administration on the approach to best achieve these goals.

We hold firm to the views we expressed last year. These views are shared by five other national interest groups that co-authored the statement of principles for reauthorization entitled, "Tying It All Together". The general concepts we recommend also are similar to those espoused by the Surface Transportation Policy Project, a broad coalition of groups with transportation-related interests. Finally, we believe last year's enactment of the Clean Air Act Amendments provides additional, and compelling, reasons for you to consider the approach we suggest.

Resources

Any discussion of the future surface transportation program ultimately focuses on financial resources. We fully subscribe to the recommendations made, just three years ago, by the bipartisan Nation Council on Public Works Improvement. They concluded that the transportation sector is in need of a substantial resource infusion and called for a doubling of the investment in our infrastructure. The Council also called for a restoration of the federal government's financial participation to past levels.

Over the past decade, the federal contribution to highways and transit has steadily declined. State and local governments have been taking up the slack. We believe the federal government should not continue this shift of the transportation financial burden. We applaud the leadership of the House Public Works Committee in taking a strong stand before the Budget Committee on the need for a renewed federal financial commitment to transportation, and for your proposal to increase the motor fuels tax for transportation purposes.

Program Structure and Intergovernmental Planning and Program Management

Turning from the resource issue to program structure and the intergovernmental process, I would like to review our recommendations for the federal highway and transit program, and highlight some of our major concerns with the Administration's proposal.

First, we believe the program structure and process should be governed by the following objectives:

- Preservation of the Interstate Highway System;
- Greater flexibility to respond to unique needs and conditions and discretion to meet specifically defined federal policies and priorities;
- The use of systems management techniques as a condition for highway and transit project approvals;
- A broadened definition of transit to include all forms of high occupancy vehicle use; and
- An equitable distribution of resources to the states and metropolitan areas based on federally established formulas;
- A strengthened planning, programming and prioritization role for MPOs to ensure integrated transportation systems, to coordinate land use and transportation investment decisions, and to organize effective programs for attaining air quality and energy goals, and other national objectives.

Mr. Chairman, we share the growing alarm over ever increasing metropolitan congestion and rural isolation. We, as others, believe that the primary reason for the federal involvement in surface transportation is to enhance mobility and economic development, with sensitivity to and promotion of, other national goals such as air quality and energy conservation. We feel

that these purposes can best be served by refocusing federal resources to serve four basic objectives:

Interstate highway preservation, with emphasis on improved interstate and interregional travel performance;

Metropolitan mobility focused on development objectives and congestion relief;

Rural access and interregional travel needs; and,

Bridge rehabilitation and repair.

A redirected federal program structure must be coupled with a strengthened intergovernmental planning and program management process. We seek a process that would not diminish the role of the states, but rather one that would provide a stronger voice for local governments through a joint, collaborative process. Under our approach, local governments, in collaboration with the states, transit operators and the private sector, would jointly decide investment strategies based on the most effective solutions.

Let me focus more specifically on metropolitan mobility. We are in agreement with the Administration's National Transportation Policy that the future program must address ever increasing metropolitan congestion. We differ over how to achieve this objective.

We are concerned that the Administration's legislative proposal would focus the lion's share of resources -- 70% -- on a pre-defined set of highway facilities, which would not necessarily result in the most effective mix of investments to achieve enhanced mobility and other national goals. This, coupled with limited transferability and flexibility, would result in continued reliance on expanding the capacity of a limited set of highway facilities as the primary solution to congestion.

We also believe the non-uniform matching requirements proposed by the Administration would exacerbate the current bias toward expanding the capacity of

our Interstate system as the preferred strategy for dealing with congestion. Even in the Washington area, we have found that the most effective strategies for improving the performance of the Interstate are often investments off the system. By wisely investing in integrated strategies for overall mobility rather than an exclusive focus on a few highway facilities, we can help to ensure that the Interstate system can perform once again as it was intended, with high levels of service.

In the 96 metropolitan areas that are in violation of air quality standards, the Clean Air Act Amendments just enacted by Congress may require a change in transportation investment strategies. In serious and severe non-attainment areas, including this area, highway capacity expansion will be restricted. We are concerned that with the limited flexibility and highway bias in the Administration's proposal, non-attaining metropolitan areas would have difficulty finding eligible projects for federal transportation funding. This would erode the ability of non-attainment areas to make investments in transportation control measures that would assist in achieving air quality standards and in enhancing mobility as well.

Mr. Chairman, congestion is a national problem that cannot be solved solely by widening the Interstates, by upgrading principal arterials to Interstate standards, or by building bypasses. We believe that to deal with congestion we need a metropolitan transportation program that will focus resources on an integrated metropolitan transportation system. And we need to have flexibility and incentives to employ a combination of highway strategies, transit options, HOV lanes, and more effective systems management techniques. Moreover, we need allocation formulas that do not penalize areas that take actions to reduce Vehicle Miles Traveled (VMT).

The metropolitan systems program we propose is designed to assure that resources are directed to metropolitan areas for use on designated metropolitan systems and corridors. An enhanced performance-based planning and programming process would assure that resources are most effectively invested to meet national mobility objectives as well as other national goals such as air quality.

Thank you, Mr. Chairman, and members of the Committee. I appreciate the opportunity to testify before you today, and will be happy to answer any questions you may have.

1998

Testimony
of
The Honorable Peggy Rubach
Mayor of Mesa, Arizona
Chair, The United States Conference of Mayors Committee on
Transportation and Communications

on behalf of
The United States Conference of Mayors

before the
House Subcommittee on Surface Transportation
Thursday, April 18, 1991

I appreciate this opportunity to discuss the surface transportation reauthorization bill. I am the Mayor of Mesa, Arizona, a city of almost 300,000 people in the Phoenix metropolitan area. I am Chairman of the Maricopa Association of Governments, the Regional Planning Agency for Maricopa County, and Chairman of our regional Public Transportation Authority. I also chair The U. S. Conference of Mayors Committee on Transportation and Communications. As representative of a large and growing "suburban" city in a large metropolitan area, representative of a regional planning team, and representative of both regional and national urban transportation groups, I am pleased to be able to share with you a perspective from cities on our transportation program needs for the future.

I believe that much has already been accomplished toward reaching a national consensus on the future direction of transportation policy in this country. The U. S. Conference of Mayors has been working with numerous transportation coalitions to develop recommendations for a long-range transportation strategy.

Our Transportation Alternatives Group recommendations, Transit Now, the American Public Transit Association's Transit 2000 Project, American Association of State Highway and Transportation Officials' Transportation 2020, Rebuild America Coalition, as well as a U. S. Conference of Mayors roundtable, and a great deal of other public input, helped to shape the National Transportation Policy presented by President Bush and Secretary Skinner. I see a consensus on several broad themes to carry us into the next century, a consensus that is articulated in the National Transportation Policy and in H.R. 1351.

There is a consensus on the tremendous need for investment in transportation -- to reduce congestion, improve mobility, maintain our roads and bridges. There is a strong commitment to maintaining our interstate highway system and continuing a separate capital program for our nation's bridges. There is also a consensus that we need flexibility to meet our transportation challenges. State and local governments need to be allowed as many financing tools as possible.

The United States Conference of Mayors' policies for future federal surface transportation programs are attached to this statement for the record. They outline a program that includes among other issues:

- preservation and maintenance of the interstate and the existing transit program;

- a separate and flexible urban/suburban program targeted to address the movement of people and goods in the nation's population centers;
- a separate and flexible rural program to address the mobility needs of small communities; and,
- a separate bridge program.

Federal grants need to be flexible enough to meet existing needs, rather than encouraging spending on lower priorities based on available funding. We strongly support flexibility between highway and mass transit grants to accomplish our transportation goals. We also give strong support to the proposal to spend down the highway trust fund balances on needed transportation programs. It is important that we use these funds to meet critical needs rather than leaving them to paper over the deficit. There is a consensus that we need innovation to meet transportation needs. We need new and different financing mechanisms, new partnerships with the private sector. We need to put new technologies into practice. We need to continue to research new solutions and safety measures.

The National Transportation Policy calls for a shrinking of the federal financial role in transportation. The Administration's proposal says that federal funds should be focused on systems of national significance, and the state and local and private share of funding should increase.

The number one resolution from The U. S. Conference of Mayors on national transportation policy is that the federal commitment in this partnership should not diminish. State and local and private funding responsibilities are already increasing to meet the growing demand. State and local governments cannot bear the additional burden resulting from a reduction in federal funding. Regional transportation is an issue of national significance. We can't function as a nation without regional mobility. We need the federal government as a partner, with funding, to meet these challenges.

The Conference of Mayors also resolved that all increases in the federal gas tax should be targeted for transportation. The gas tax is a type of user fee. It should not be treated as a general fund revenue source, but as a targeted fee, collected to reimburse our treasuries for depreciation of our infrastructure and to pay for providing the capacity to meet transportation demand.

The U. S. Conference of Mayors policy states that "current funding formulae are improperly weighted against metropolitan areas." We are calling for a change so that funding is not allocated on the basis of lane miles, but rather on passenger miles travelled. This change will help to target funds to where the mobility need is greatest.

The President proposes to allocate highway trust fund monies based on gasoline consumption. This allocation contradicts our national goals for energy conservation and improved air quality. This allocation proposal establishes reverse incentives and penalizes jurisdictions that succeed in reducing gasoline consumption. In fact, some jurisdictions, like Maricopa County, must work toward reduced energy consumption to meet federal air quality mandates. It is certainly not fair to punish these jurisdictions with fewer highway dollars. We would like to work with you to develop a fairer, more productive allocation formula.

We support the administration's call for flexibility between highway and mass transit funding. The proposal may not be flexible enough, however. Only 15% of the funding for the national highway system is designated as flexible. For areas with established highways and extensive transit needs, this may not provide enough flexibility to provide the needed transit system. All funding for the urban/rural system is flexible between highways and transit, but the proposed structure sets up an undesirable competition between urban and rural areas. Both of these areas have very different, very real needs. We are concerned that this structure may not effectively meet existing needs in <u>either</u> area for the more than 500,000 highway miles outside the national highway system.

The administration's proposal to reduce the mass transit program

to only one dedicated penny of the gas tax after 1996 will decimate the federal mass transit program. Our mass transit program must be strengthened to carry us into the future. Not only are we striving to improve our mobility, we are also working to comply with federal clean air requirements and with the transit accessibility requirements of the Americans with Disabilities Act. State and local governments are already bearing a large portion of this added responsibility. We simply cannot accomplish these laudable goals if the federal financial role shrinks.

We need funding for projects to successfully link new transit programs with clean air and accessibility goals. The Phoenix metropolitan area has a special need here. As you know, we are operating under a federal implementation plan to reach our clean air goals. We are working hard to ensure that our transportation projects help us to achieve cleaner air, rather than detracting from our clean air efforts. As Chairman of both the Maricopa Association of Governments, our regional planning agency, and the Regional Public Transportation Authority, I need your assistance in making these linkages work. Our success can serve as a model for cities around the country. We are charting new ground here. We need your financial and technical assistance in our pioneering efforts.

Our priority as cities is to ensure that transportation funding

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is available and can be used where it is needed most. But cities are not simply asking for hand-outs. We recognize that, as partners, cities have responsibilities to meet. We have resolved to work with the federal government to foster creative and attractive ways to encourage more private sector investment in transportation. We recognize that we have a responsibility to set priorities and make transportation choices. We have asked that any increase in local funding responsibility be accompanied by an increased local role in decision-making.

Unfortunately, the administration's proposal relegates local decision-makers to the planning table, giving us no role at all at the funding table where final decisions are made. We are responsible for contributing funding and implementing this nation's transportation programs; we must be involved in setting the funding priorities.

We recognize that we have a responsibility to work more closely together on a regional level. We are committed to developing stronger partnerships within our metropolitan areas, since transportation corridors seldom end at jurisdictional boundaries. We will work to coordinate and plan, and to share resources and ideas. By functioning as a team, we can make the road a little bit smoother for all of us.

We sincerely appreciate the President's efforts to develop a

broad public consensus, including input from local government. We appreciate your interest in understanding the transportation needs of cities. It is important that cities continue to be included in the decision-making process, both leading up to legislation and afterwards. We look forward to a strengthened national/local partnership as we move into the twenty-first century.

2006

# SURFACE TRANSPORTATION POLICY

# R E S O L U T I O N S

Adopted by

**The United States Conference of Mayors**

U.S. Conference of Mayors 1620 Eye Street, NW Washington, DC 20006
(202)293-7330

# OFFICIAL POLICY RESOLUTIONS

***Adopted at the 58th Annual Conference of Mayors***

*Chicago, Illinois*
June 15-20, 1990

## NATIONAL TRANSPORTATION STRATEGY

**WHEREAS**, the United States Department of Transportation released it's National Transportation Plan (NTP) in 1990 as a strategy for development of new federal surface transportation programs; and

**WHEREAS**, local governments submitted testimony, participated in roundtables and presented statements in the development of the NTP; and

**WHEREAS**, there is total agreement on the overall goal of the NTP to improve mobility, reduce congestion and increase economic development and productivity in this country, but there is also disappointment regarding the lack of specificity for future federal funding; and

**WHEREAS**, local governments approach the creation of new surface transportation programs through the critical and essential three-way partnership of federal, state and local involvement to sustain and improve the condition of this country's highways, streets, roads, bridges, mass transit and rail,

**NOW, THEREFORE, BE IT RESOLVED** that the United States Conference of Mayors urges Congress to be guided in their future surface transportation program deliberations by considering our standing policy as adopted in 1989, entitled "The Post Interstate Era", and that they also consider the following with respect to the strategy outlined by the NTP:

- That the federal commitment in the three-way partnership increase and not diminish;
- That immediate increases in investment at the federal level can be realized by spending down the Highway Trust Fund balances without negative affect on all other general revenue supported transportation programs, and that the Trust Fund monies only be utilized for transportation purposes and not deficit reduction measures;
- That transportation/infrastructure be one of the category of unmet needs addressed by future allocations from any "peace dividend" funding;
- That the new federally-aided program structure seek greater reinvestment in this nation's surface transportation system and focus on significantly decreasing congestion in urban/suburban areas through a unified metropolitan program; that this be accomplished through a redirection of funding when the Interstate construction program is ended; and that this urban/suburban program focus and funding allow for multimodal flexibility in relieving congestion at the local level;
- That the objectives of the federally-aided programs also continue to ensure the preservation and maintenance of the Interstate Highway System, the greater mass transit investment, the reconstruction and rehabilitation of bridges, and increased rural access;
- That the increased transportation funding responsibility of local governments envisioned by the NTP should be accompanied by an increased local role in decision-making regarding federal surface transportation programs and funds;
- And, that local governments support, where appropriate, the NTP goal of increased private sector investment in all transportation systems, and seek to work with the federal government in fostering creative and attractive means to encourage this.

## BILLBOARD REFORM LEGISLATION

**WHEREAS**, more than 500 cities and counties have identified sign control as a serious problem requiring new regulations to control billboards; and

**WHEREAS**, local governments have enacted or seek to enact controls to protect and preserve the beauty, character, and economic and aesthetic value of land thus protecting the safety, welfare and public health of their citizens; and

**WHEREAS**, local governments were permitted authority to remove non-conforming billboards along federal highways through an amortization process prior to passage of a 1978 amendment to the 1965 Highway Beautification Act (HBA); and

**WHEREAS**, after 1978, the HBA required local governments to provide cash payments to billboard owners before removing non-conforming billboards along federal highways, and stated that the Federal government provide 75 percent of the cost of that compensation for removal; and

**WHEREAS**, no federal monies have been appropriated since 1982 to assist cities in cash payments for non-conforming billboard removal,

**NOW, THEREFORE, BE IT RESOLVED** that The United States Conference of Mayors urges Congress to enact legislation that would:

- restore to local governments the authority to remove billboards along federal highways through amortization;
- support the authority of local governments to require non-conforming signs along Federal highways to comply with size and height requirements without cash payments;
- allow local government to require the removal of billboards in inappropriate locations, especially in rural, and designated scenic, historic and residential areas;
- provide local government with the authority to determine the placement of any new billboards, and specifically provide local governments with the ability to prohibit construction of new billboards by local ordinance.

# OFFICIAL POLICY RESOLUTIONS

ADOPTED AT THE 57TH ANNUAL CONFERENCE OF MAYORS

CHARLESTON, SOUTH CAROLINA

JUNE 16 - 21, 1989

The United States Conference of Mayors
1620 Eye Street, NW.
Washington, DC 20006
(202) 293 - 7330

## THE POST INTERSTATE ERA OF SURFACE TRANSPORTATION

**WHEREAS**, the safe, efficient and environmentally sound transport of passengers and goods is of crucial importance to the future economic growth and development of urban America; and

**WHEREAS**, the completion of the Interstate Construction program in 1991 provides the nation with an excellent opportunity to examine the respective surface transportation responsibilities of federal, state and local government, as well as the private sector with respect to surface transportation; and

**WHEREAS**, The United States Conference of Mayors has long viewed the issue of surface transportation as one of mobility provided by roads, bridges, mass transit, bicycle paths and pedestrian ways,

**NOW, THEREFORE, BE IT RESOLVED** that the Congress and the Administration be guided in their deliberations over the structure of the post interstate era of the federally aided surface transportation system with generally the goal of enhancing mobilty for the national population, and specifically as follows:

Funding

- The revenues currently earmarked for the Gas Tax Trust Fund and any increases in such revenues, should continue to be solely allocated to surface transportation needs and not diverted for deficit reduction.

- Revenues generated by the gas tax should be expended at the level annually collected and the current surplus in the Gas Tax Trust Fund should be drawn down as expeditiously as possible.

- The Gas Tax Trust Fund should be removed from the Federal Unified Budget so that its user fee revenues are not used to disguise budget deficits on paper. Further, The United States Conference of Mayors opposes any turnback to the states of the federal gas tax.

- State and local governments must be permitted to implement innovative techniques to generate the local share for federally aided projects including administration costs, right-of-way donations or acquisitions, toll facilities or real estate impact fees.

- The fiscal impact of policies to promote alternative fuels on the federal gas tax trust fund should be revenue neutral.

Program Structure

Interstate and Primary Systems

- The Conference supports allocation of resources to state governments for implementation of responsibilities which are impractical to be performed by individual units of local government, such as maintenance of the interstate and primary systems. Current funding formulae, however, are improperly weighted against metropolitan areas. These formulae must be changed to recognize the vital needs on these systems that are found in urban America and amended accordingly. Formulae to states should not be based on lane miles but more importantly on passenger miles travelled, including transit passenger miles travelled. Also substate formulae should be crafted to match and foster programs designed to relieve congestion.

- Interstate and Principal Arterials must be maintained and funding for maintenance on these systems should be held harmless with respect to increased system development. The emphasis of increased lane mileage should be replaced with capacity management goals or increasing the number of passengers not vehicles travelled on all federally aided systems. Such increased management techniques include emphasis on car and van pools, HOV lanes, mass transit and flex time hours.

- Eligible products in the Interstate program for capacity expansion, the 4th R of the I4R, must include the examination of various options to assist the capacity on the Interstate, such as HOVs and transportation management systems. Interstate funding would be available for projects even if the alternative is not on the Interstate system so long as the proposed project would aid capacity movement on the Interstate system.

Interstate Transfer

- The Interstate transfer program was a program breakthrough in the federal system of surface transportation assistance in that it permitted localities to decide what mode of transportation, whether highway, mass transit or a combination thereof,

best addressed their congestion problems. The federal government must honor and fulfill its commitment made in prior years in this program and institutionalize this system of local option as more fully explained below.

Urban/Metropolitan System

- The lack of Federal emphasis and funding for urban America's roads and transit systems is inconsistent with the stated goal of a federal surface transportation program of alleviating congestion where found. It is the belief of The United States Conference of Mayors that improved mobility in urban America may only come about as a result of our maintaining our current infrastructure, enhancing capacity to increase passenger miles traveled and demand management techniques and permitting the application of flexible and innovative responses adapted to local needs. Such a program must include at a minimum:

  - dedication of interstate and primary funding in urbanized areas;

  - strengthening of the funding levels for the federal aid urban system and formulae mass transit grants and permitting the current fungibility of a certain portion of these funds;

  - creation of a strategic metropolitan grant program with additional new funding which may be used at the discretion of the metropolitan area to meet either transit, road or nonmechanized transportation needs;

  - the eligibility for projects under this additional program would be unrestricted for road projects and available for capital and operating mass transits projects.

Bridges

- The special nature of and vital role of bridges in the national surface transportation program warrants the existence of a separate category in federal aid system. All bridges, regardless of their characteristics as a roadway or railway bridge, must be made eligible for the off-system bridge program and preventive maintenance projects, must be included as eligible for funding.

Safety

- Safety must always be a top priority of a surface transportation program. Further, safety grants should be directed in substantial portion to urban areas as it is in urban areas that the greatest number of people would benefit from such grants.

Matching Funds

- The level of required state/local matching funds should not be the deciding factor in what project a state DOT chooses to proceed with. Therefore, The United States Conference of Mayors would support a level or consistent match grant ratio across all programs. An 85/15 match is not unacceptable.

Clean Air

- In all cases, federal transportation policy should be cognizant of the need to direct resources to clean air.

- The Federal Tax Code should be amended so as to equalize the transportation fringe benefits that an employer may provide an employee.

## URGING STUDY OF THE BUDGETARY AND ADMINISTRATIVE IMPACTS OF IMPROVED ENVIRONMENTAL REVIEW PROCEDURES

**WHEREAS**, a wide variety of public works projects beneficial to cities are often delayed, made more costly, and sometimes stopped by overlapping local, state and federal requirements for Environmental Impact Statements and Environmental Impact Reviews; and

**WHEREAS**, these overlapping, vague, and occasionally contradictory requirements often lead to duplicative administrative reviews, increased engineering costs, and significant amounts of time lost; and

**WHEREAS**, current administrative capabilities to coordinate the preparation of these reviews are not adequate to prevent significant procedural overlaps; and

**WHEREAS**, the manner in which these reviews are implemented by Federal agencies sometimes reduces the flexibility and discretion needed by local government to meet its infrastructure needs, even where these needs are being financed by local governments; and

**WHEREAS**, streamlining and reconciling these overlapping requirements and reviews, while providing as much discretion as possible to local governments could lead to significant savings of public funds and staff time, in permitting local governments to provide for their infrastructure, without reducing the protections mandated by the National Environmental Policy Act and other environmental protection goals,

**NOW, THEREFORE, BE IT RESOLVED** that The United States Conference of Mayors urges the President's Council on Environmental Quality to conduct a study of the relative costs and benefits of current overlapping environmental review procedures, as well as potential time and budget savings at the local level that could result from streamlined procedures and amendments to the National Environmental Policy Act. This study should be coordinated with the Departments of the Interior and Transportation, and the Environmental Protection Agency, and the U.S. Army Corps. of Engineers to assess potential national budgetary impacts and based on these findings, to promote streamlining of environmental impact regulations; and

**BE IT FURTHER RESOLVED** that The United States Conference of Mayors urges that with the increased financial burden on local governments to provide for their future infrastructure needs with limited or no federal funds, federal agencies should implement existing regulations, with unduly jeopardizing environmental goals, in such fashion as to decentralize discretion and decision-making wherever possible to the local, state, and regional levels where the cost and constituent burdens for overcoming infrastructure problems squarely rest.

STATEMENT OF ROBERT L. SUTHARD, SECOND VICE PRESIDENT, INTERNATIONAL ASSOCIATION OF CHIEFS OF POLICE

I am Robert L. SUTHARD, Second Vice President of the International Association of Chiefs of Police and Secretary of Public Safety for the State of Virginia. Formerly, I was the Superintendent of the Virginia State Police. On behalf of the State and Provincial Police Division (S&P) of the International Association of Chiefs of Police (IACP), I wish to thank you for providing us the opportunity to comment on the Reauthorization Program for federal highway, transit, motor carrier and highway safety programs. As chief executives and command level personnel of all the state and highway patrol agencies in the country, we are particularly interested in the highway safety portions of this proposal and the reauthorization process in general.

S & P, an IACP division which maintains a separate administrative identity and elects its own board of officers biannually, concentrates on the special needs of state and provincial law enforcement agencies. Sections within the division include a State Police Planning Officers Section, a State and Provincial Police Academy Directors Section and an Advisory Committee on Highway Safety. We provide continuous liaison to the U.S. Department of Transportation and the National Highway Traffic Safety Administration in all matters relating to and affecting the operation of state highway patrols and state police agencies.

At a recent Screening Committee meeting of our Advisory Committee on Highway Safety, we discussed a number of issues and areas contained in the reauthorization legislation. First of all, let me say that we in the highway safety end of the law enforcement profession get pretty anxious when we realize that all of the highway safety program monies- 402 for highway safety directly, 403 for research and demonstration funds and then on to the 408 & 410 monies for states that have innovative programs that can qualify for those funds- must be reauthorized or they will disappear. We understand that the deficit demands strict budgeting and priority setting; however, we feel that our highway safety program is of such a priority that it must continue. Perhaps a core of programs can be identified that we consider the absolute minimum level of funding for each cycle and the other programs will be reauthorized each cycle.

We are generally pleased with several aspects of the program that are proposed for reauthorization: the many innovative speed enforcement DUI and safety belt programs that are ongoing are contained in the 402 funding area. Some of the 403 funding deals with drug recognition and the program of spreading this technology throughout the nation. A number of states have qualified for 408 and are striving to improve their highway safety records and

systems so that they can ultimately qualify for 410 monies. This concept of rewarding innovative programs, rather than sanctioning those who have failed, is one that was recommended at the Traffic Safety Summit in Chicago and was passed along to Secretary Skinner at that time. We are very happy to see it implemented in the reauthorization proposals.

We are especially pleased with the new safety bonus program that continues the statutory contents of the present alcohol traffic safety and drunk driving prevention incentive grant programs and expands upon the concept of rewarding state action for improving highway safety laws and programs. It is this kind of incentive that we feel will bring about the kind of highway safety program that is needed in this nation to save lives.

However, we have one concern with the bonus program: speed enforcement should not be de-emphasized, certainly not in the bonus program. Adequate speed enforcement should be recognized under this incentive program. Agencies can be measured through demonstration of their speed enforcement program by submitting a speed enforcement plan for evaluation. Such items as speed measuring devices (radar, vascar), aircraft used for speed enforcement, speed enforcement teams, unmarked police vehicles, and other items can be used for evaluation purposes. The role of speed enforcement in promoting safety on our highways can never be overemphasized. The issue is far too important to not have a priority role in an incentive program.

Another area of concern for us is funding for MCSAP. The Motor Carrier Safety Assistance Program has truly formed a partnership between the federal, state and local agencies in the carrying out of inspections, terminal audits and improving the overall safety records of motor carriers. This funding has been very instrumental in causing the seed to be planted that has grown and is now working. Contained in this area is the threat of bigger, longer, heavier trucks. It is the belief of our Highway Safety Committee, and of many others, that the safety of our highway system will not only be threatened, it will be eroded away if we allow the triples and the additional weight to appear on our highway system.

The arguments are traditional: between those that are involved in the economics of our transportation system and those that are involved in the safety of that system. Again, the lineup is the American Trucking Association or the owners and those that would benefit and profit from having heavier and longer trucks. They are lined up in opposition to all of the safety experts, the

unions that provide the operators for those vehicles and, in fact, the public who is in fear that these larger vehicles will jeopardize them as they operate their cars on the same highway system. All of the many arguments involving additional problems and inclement weather, the swaying and the whipping of the third trailer that will be magnified by the length and the number of the articulated joints, all of these are factors that are well known. It boils down to the simple economics of the issue versus safety on our highways. The IACP intends to play a strong part in opposing any passage of legislation at the federal level or in the states that would allow a further deterioration of our safety system by allowing triples on our highways.

In conjunction with this position, we are somewhat taken aback by the administration proposal to completely preempt state regulatory authority over trucks. Section 508 calls for the elimination of state regulatory authority over routes, rates and services. Without this oversight, trucks would be able to use any route they choose without regard to safety or engineering factors. We feel this proposal should be given the utmost scrutiny before implementation.

Another area of concern is the manner in which the national maximum speed limit might be handled. There's been a proliferation of proposals that would do everything from going back to 55, the way it was, to doing away with the national maximum speed limit altogether and giving the issue back to the states. It has been a long-standing position of the IACP that the national maximum speed limit, as it now exists, 65 on rural interstate, 55 in other areas, be maintained, but that it be maintained in such a way that there be no sanctions for the enforcement of same. Once again, those jurisdictions who do a good job in having a well-rounded all encompassing highway safety program should be rewarded for that. Those jurisdictions who do not do so well in one element alone of that highway safety program, should not be chastised for that one individual failure. This has become very apparent in some of the states who have failed to meet the compliance levels of the federal maximum speed limit, but whose fatality records are at an all-time low. This is a contradiction that we cannot overlook, but when you have made a success in a highway safety program we certainly don't need to sanction for that success.

Funding levels in the proposal are a different concern, and , of course, must be viewed in terms of the budget woes that face us all, in the federal government, state government, business, associations like IACP, and the like. We are, however, concerned with areas in the budget where we see "short funding" and "stagnant funding." For example, the administration's proposal

for the Section 402 State and Community Highway Safety grant program includes an 8.7% decrease in the authorization level and a reduction in the federal share from 75% to 60%. Funding for impaired driving programs is proposed at $25 million per year -- only $5 million above current levels and $25 million less than authorization levels. The Administration is proposing to lower the federal matching share for impaired driving incentives from 75% to 60%. [In 1989, half of all traffic fatalities were alcohol-related.]

We see the issue as growth in the programs. Growth is in the Title 23 program. We think it should also be in the other programs: alcohol safety, 402, etc. The section 402 program has not been funded at authorized levels in the last seven years, so we feel it unlikely that it would be funded at the level proposed. We do not want to see a retrenchment in federal support for this basic highway safety program. The entire law enforcement community supports this program and the program works well.

The highway safety grant programs do not grow over the authorization period, even though all of the highway construction programs are projected to grow by substantial amounts. In total, the federal highway program is projected to increase by nearly $7 billion between FY 91-96. By contrast, the federal non-construction highway safety programs are only slated to receive an increase of $225 million during that time. If safety is indeed the top priority, then the funding proposal must mirror that priority.

We do not see a reason to lower the federal matching share of the 402 program to 60% The 402 program is a seed money program. By the end of the third year, all federal funding is eliminated from these projects and they must be supported solely by state and local funds. Unlike construction programs, the 402 program does not encourage state and local dependency on federal funds; it leverages state and local funding. We see no reason to lower the federal share.

Under the Administration proposal, there would be nor earmarking for speed enforcement of 55 mph roads and no earmarking for school bus safety programs. In previous authorizations, $20 million had been earmarked for speed enforcement. Under this proposal, those funds are gone. We feel that the funds definitely should be retained and should be earmarked for enforcement purposes. In this way, the various enforcement programs would not have to compete with other programs for funds.

We would like to encourage increased funding for the alcohol programs. Given the scope of the problem of accidents caused by driving while under the influence of alcohol, we think it imperative that we continue to target this behavior. The Administration proposal, instead of increasing the flexibility of this program, would maintain it as is. We think that, if incentives were made, more states would be motivated to pass impaired driving laws and would, thus, qualify for incentive grant funds. Currently, only half of the states qualify for the Section 408 Alcohol Traffic Safety grant funds, and no states qualify for the Section 410 Drunk Driving Prevention grant funds. We think that an expansion of the program would definitely yield tangible results.

In summary, we wish to encourage the Subcommittee to look toward long range planning in the area of funding for highway safety. In this time of fiscal restraint, we are aware of the need for economic austerity, but within those parameters, decisions are made on the basis of priority. We feel that the safety of the public on the highways of American has to be one of our highest priorities. We hope to see that priority reflected in this reauthorization process.

Once again, we would like to thank the Subcommittee for allowing us to comment on current funding proposals and the program in general. I would be happy to answer any questions at this time.

Thank you.

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STATEMENT OF

SENATOR CHARLES L. WADDELL

705G East Market Street

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on behalf of the

NATIONAL CONFERENCE OF STATE LEGISLATURES

before the

SUBCOMMITTEE ON SURFACE TRANSPORTATION

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

U.S. HOUSE OF REPRESENTATIVES

on

*Reauthorization of the Federal-aid Highway and Mass Transit Programs*

April 18, 1991

2167 Rayburn Building

U.S. House of Representatives

Washington, D.C.

Mr. Chairman, members of the Subcommittee, I wish to thank you for providing this opportunity to hear the views of the nation's state legislatures. I am State Senator Charles Waddell and I come before you representing the National Conference of State Legislatures and also as a member of the Virginia General Assembly.

This Subcommittee's work to reauthorize the federal-aid highway and mass transit programs is of critical interest to the Commonwealth of Virginia, as it is to all states. The state-federal partnership which has successfully managed the creation, construction, and soon-to-be completion of a national Interstate system, provides a foundation for the next era in the federal-aid programs.

However, this foundation has developed some structurally unsound "pilings," with the result being a lack of state confidence in federal support. In the budget Congress approved last year, the long-standing commitment to dedicate highway user fees to highways was breached; the promise to devote aviation ticket taxes to aviation programs was reneged on; and now there are proposals surfacing to impose yet another federal fuel tax increase without remedying existing diversions and withholdings of transportation revenue.

Increasingly, states have no choice but to rely heavily on their own resources. Over half the state legislatures have considered, or will consider, motor fuel tax increases this year alone. There are presently only nine states with fuel taxes lower than the federal tax. And of these nine, only two have not increased their tax rate in the last decade. Virginia increased its motor fuel tax to 17.7 cents in 1987.

The five-cent federal tax increase which went into place December 1, 1990, has effectively eroded state revenue collections from state-imposed motor fuel tax. While this erosion is a prospective one, reducing funds that would otherwise accrue to state coffers has the same practical effect as reducing existing receipts.

The fact that only half of last year's federal motor fuel tax increase is dedicated to transportation programs is unacceptable to states with critical transportation needs. I suggest that if we are to truly have a state-federal partnership in meeting transportation needs, this diversion of transportation taxes must end.

PROGRAMS

Highways

NCSL supports streamlining and consolidating many of the existing highway funding categories. Organizing categories of spending by similar function or service orientation would provide states the opportunity to invest in each portion of the system in a rational manner. The existing categorical federal-aid highway program has actually removed states from the planning and decisionmaking process. The states are simply notified of their apportionment in each category and must appropriate matching funds if they are to access federal dollars.

As such, state transportation plans are driven by the availability of categorical funds, not by individual state needs. By consolidating categories and eliminary unnecessary regulation, states would be encouraged to develop comprehensive state plans which respond to priority needs.

However, consolidation should not be used as a cover for reductions in federal funding levels.

NCSL supports the creation of a national highway system in the post-Interstate era. Such a system should build upon the existing system with the focus being on upgrading major arterials which impede a fully interconnected network. Special attention should be given to the problems of rural access and urban congestion. These are not parochial concerns. Our national network is only as good as it weakest link.

Hopefully, inherent in a more flexible program will be a collaborative process involving local participation. The current rigid categorical funding methods have provided an incentive for seeking out separate Congressional funding for specific projects. In many instances, this has the effect of limiting financing available for other formula-based projects designated as state priorities.

Highway Safety

NCSL supports the elimination of all federal sanctions used to enforce federal safety standards, particularly in operator-specific areas. The federal highway safety program should be one which fosters comprehensive safety programs at the state level through the use of incentive grants. In your review of current and proposed highway safety programs, please examine these programs with an eye toward making them more results oriented and less rigidly programmatic. Incentive grants do work, if the compliance criteria are realistically devised.

In the context of highway program reauthorization, federal efforts should focus on developing and financing technology that promotes highway safety, and in providing leadership in public safety education campaigns.

States prerogatives to enact and enforce laws to ensure the safety of the motoring public must not be contravened. This is of critical concern in the area of state motor carrier regulations. While I can appreciate the concerns of the motor carrier industry to avoid unnecessary regulation in order to be competitive, the states' sovereignty must be protected. I would encourage this Subcommittee to forego addressing complex motor carrier regulatory issues as a part of this reauthorization package.

Mass Transit

The transit industry claims that $15 billion is needed in each of the next five years to address capital investment needs. States are making every effort to support increasing transit demands. In 1988, state operating assistance represented the third largest aggregate source of transit income. The Commonwealth of Virginia has contributed approximately $350 million to meet transit needs, excluding the state contribution to METRO.

In most states, state and local grants provide the non-federal share of capital funding. However, according to a paper presented at a 1988 AASHTO meeting held in Fredericksburg, Virginia, "the dichotomy in the relative importance of federal capital and operating assistance to different size transit systems makes it difficult for states that have both large and small transit systems to reach a consensus on its optimal state transit funding role."

I believe this bit of insight shared by John Dockendorf of the Pennsylvania Department of Transportation provides critical guidance to any federal restructuring of transit assistance in the reauthorization package.

The capital and operating needs of small and large transit systems vary greatly. I urge you to undertake the necessary finetuning to make current programs more responsive to exhibited need. NCSL continues to support the General Fund financing of the mass transit programs. Until such time as a more stable source of funding is identified, Congressional intent to supplement General Fund support, through dedicated motor fuel taxes, should be maintained.

FINANCING

We are pleased to see that Congress authorized a higher obligation ceiling for FY 1991 federal-aid highway programs - $14.5. This represents a 19 percent increase over the FY 1990 obligation ceiling. I applaud the members of the Public Works and Transportation Committee for seeking an even higher obligation ceiling in the FY 1992 budget. However, preliminary reports seem to indicate that a $1 billion increase might be the best we can hope for, and I for one, hope not.

While NCSL's position has been to support the highest funding level which could possibly be supported by transportation user fees, we have not settled on any arbitrary figure. We do, however, assume that all transportation taxes and fees should be made available for transportation expenditures. With only an incremental increase such as that surfacing in Budget Committee discussions, the Trust Fund balances will continue to build and the infrastructure will continue to erode.

Any restructuring of the federal financing scheme should ensure that state and federal investment goals are compatible, particularly those related to growth management and economic development. Any restructuring of federal-aid formulas should reflect the extent and usage of the system.

At the end of 1991, approximately $11 billion in state apportionment will remain unused due to the obligation ceilings imposed by Congress. States must be allowed to access all apportioned funds and this can only be accomplished by the removal of arbitrary spending restraints such as obligation ceilings and the removal of self-supporting transportation programs from the limitation of the domestic discretionary spending cap.

I would like to comment on proposals to reduce the federal match for many of the existing categories. NCSL supports a rationalizing of the federal match with the federal share proportionately higher for those programs deemed to be in the national interest. However, this rationalization has inherent problems. In general, proposals to reduce the federal match seek to leverage maximum state and local dollars. State and local contributions to the national highway system already represent more than 3/4 of all highway spending.

Any reduction in the federal match demands concomitant reductions in bureaucratic red tape and increased flexibility in planning and programming. Furthermore, there need be an adequate transition period during which states experience no loss in overall federal funds. Over half the states are having budget difficulties and are not in a position to generate additional funds for transportation projects.

A brief look at some of the states' fiscal pictures shows California with a potential budget deficit over the next 18 months approaching $12.6 billion; Illinois having been placed on a Standard and Poor's credit watch; and Rhode Island, just this week, terminating the furlough of state employees. For those few states not experiencing revenue shortfalls, austerity budgeting is the standard. Clearly states are not in any position to cough up more money for transportation programs.

I would like to include for the record an NCSL "State Budget Update," which provides a state specific look at state efforts to address budget shortfalls.

While the federal government can count on approximately $1 billion in revenue to be generated from every penny increase, there is a great deal of variance at the state level. For example, in Virginia we estimate each penny generates $34.9 million, whereas California gets $130 million for each penny increase. The State of New Jersey can generate about the same revenue as Virginia, but does so with a tax (10.5 cents)that is less than two-third's the level of Virginia's (17.7 cents.) To further highlight this variance, a look at Nebraska's motor fuel tax shows the highest tax in the nation at 26.4 cents. Yet the state only generates $7.7 million per penny to raise one quarter of the revenue Virginia collected in the same year (Fiscal year 1990.)

In short the financing decisions made by Congress to increase or divert federal fuel taxes have a disparate impact on state efforts to recoup these losses. In 1986, the Commonwealth of Virginia adopted a $10 billion, 12-year transportation program to be supported through the creation of a multi-modal Transportation Trust Fund. This long-range plan, however, was predicated on a continuous, predictable federal contribution. Virginia needs at least $400 million per year in federal assistance for the existing Interstate system.

Our population has grown some 14 percent in the past decade, but travel has increased during the same period by 50 percent.

PREEMPTION

Although the federal contribution to the nation's transportation system has been steadily declining, there has been no reduction in federal "strings." If anything, trust fund dollars have become a tool for compelling state compliance in other social policy goals that cannot be constitutionally mandated by Congress.

At this time, states operate under threat of losing vital federal-aid highway dollars if not in compliance with at least 15 mandates, some of which are tangentially related to the highway program. I strongly urge this Subcommittee to resist the temptation to dictate state legislative behavior through the use of sanctions. A much more palatable approach that was included in last years Transportation Appropriations legislation provides for a state to "opt out" of federally-mandated license revocation procedures.

This mechanism in no way weakens the Congressional intent to prevent drug abusers from driving on the nation's highways. What it does do, is allow each state to determine whether the specific federal requirements in this area complement ongoing state efforts to promote highway safety. What you may well find is a state rejecting the federal license revocation approach because the convicted drug abusers in that state are in jail and are not likely to have an opportunity to use their driver's license.

This exercise in democracy has a great deal of promise in fostering a cooperative state-federal relationship. I strongly encourage this Subcommittee to include the "opt out" provisions for those mandates which now employ the threat of highway funding losses, and certainly this is an approach which should be incorporated with any new federal mandates.

CONCLUSION

The national transportation network includes all modes. If the goal embodied in a national transportation network is to efficiently move people and goods in an integrated manner, we have an obligation to ensure that there are no weak links in the system. In restructuring the federal-aid highway and mass transit programs, clear national goals should be established which are supported by both the public and private sectors.

In general, the state are concerned that the completion of the Interstate system and the reauthorization of highway and mass transit programs be viewed as an opportunity to restructure the federal-aid programs in a more efficient and effective way. The following premises should underlie the reauthorization package:

-- Maximize expenditure of trust fund monies by increasing obligation ceilings and dedicating all user fees to appropriate trust funds.

-- Focus federal spending in areas of national significance as determined in collaboration with the states.

-- Ensure that states receive a fair return relative to their contributions to the trust funds.

-- Provide greater flexibility to states in planning and programming, both between and within funding categories.

-- Eliminate federal-aid highway funding sanctions.

-- Remove federal restrictions which limit states in their ability to develop innovative financing.

I am including for the record a copy of the NCSL transportation policies, which provide additional direction and recommendations on highway, highway safety and mass transit programs. I am also including Commonwealth Policy Goals developed by Virginia.

Again, I have appreciated the opportunity to share with you the views and concerns of the nation's legislatures. I look forward to working with you on the programs that will not only address mobility needs, but complement our national social, economic and environmental goals as well.

National Conference of State Legislatures

## OFFICIAL POLICY

### HIGHWAYS

The National Conference of State Legislatures supports the continuation and preservation of a federal-aid highway program. The federal government has a role in supporting a national highway system which meets national defense needs and facilitates interstate commerce. The federal program should direct spending to national priorities, while allowing for state flexibility in local and regional variations.

Finance

A. A federal trust fund, financed by user fees, should be retained as the primary method of funding federal-aid highway projects.

B. Any increase in existing user fees, in the absence of full trust fund expenditure, is unacceptable.

C. The Highway Trust Fund should be removed from the federal unified budget and the spending limitation imposed by Gramm-Rudman-Hollings requirements.

D. Annual appropriations should equal authorized spending levels. Obligation ceilings should be set to reflect actual receipts, plus interest earned.

E. The "user-fee" nature of the Federal-aid highway program must be safeguarded from any attempts to divert these fees to non-transportation spending.

F. Consideration should be given to changing federal laws which prohibit the use of "developer or impact" fees to finance new construction of federal-aid highways.

G. Federal guidelines should be designed to accommodate private sector support.

H. Existing federal taxation exemptions for gasohol should be eliminated.

I. The federal match should be rationalized to encourage state efforts in specific programs of national significance.

J. An examination should be undertaken on the advisability and feasibility of establishing a federal capital budgeting program.

Interstate System

A. The Interstate system should be completed, with consideration given to possible enhancements, including "outer bypasses," new Interstate connectors, and highways of national significance. Priority should be given to congested corridors if Interstate system is expanded.

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B. Current provisions allowing some states to increase their obligation authority by lapsing Interstate completion money in exchange for Interstate discretionary money unfairly penalizes states which have completed their portion of the Interstate. Modifications to the program are necessary to preclude this "double-dipping."

C. The level of funding available for maintenance should insure that at a minimum, the current condition is maintained.

Primary/Secondary Roads

The Primary and Secondary roads have suffered from a lack of financial investment. In order to provide the necessary links to areas of the country otherwise unconnected, these roadways must be upgraded. Access to the Interstate system, particularly for commercial traffic, is presently impeded due to poorly maintained roads. The federal government should include those primary and secondary roads of national significance as part of the national system.

Bridge Program

Many of the nation's bridges are structurally deficient or functionally obsolete. A special bridge program should be created to provide immediate funding for deteriorated bridges. States should have the flexibility to invest federal funds in the most critical bridge needs. A variable inspection program would allow states to direct attention to the bridges which present the greatest hazard.

Tolls

The use of tolls for financing or supporting certain segments of highway is an acceptable alternative when funding for construction or maintenance would be otherwise unavailable. The present toll pilot project should be expended to provide for participation by other states with eligible projects.

Sanctions/Mandates

The use of federal-aid highway funds as a sanctioning device to enforce federal non-transportation goals is an anathema to states. Federal-aid highway funds should be disbursed or withheld based solely on a state's compliance with criteria applicable to the federal-aid highway program. Any criteria mandated by law must be adequately funded. Any reduction in the federal match portion for a specific program should be accompanied by a reduction in mandates for that program.

Allocations

Any modification to apportionment formulas necessitated by changes in transportation demands or patterns must include "hold harmless" provisions for those states which stand to have their apportionments reduced. All states should receive a minimum return of 90 percent on their contribution.

Demonstration Projects

Those projects which are otherwise ineligible for federal-aid monies and are not among states' designated priority projects are improperly competing with state-established priorities. These "demonstration projects" should be funded through a state's regular apportionment; should not be outside spending controls in place for formula projects; and should never place funding for state programs at risk.

Investment

Increases in the federal investment are necessary to maintain an adequate highway system. Investment efforts should focus on improving safety, reducing the cost of transportation, alleviating congestion, and preparing for the traffic demands of the future.

Grants

Extensive categorization of programs reduces the flexibility of states in addressing transportation needs and arbitrarily encourages expenditures according to the availability of federal funding. Where feasible, categories should be reduced and state flexibility increased. Existing barriers to transferability of funding should be eliminated.

Research

The federal government should continue to take a lead in highway research and planning. Research activities should focus on the utilization of innovative technology; elimination of transportation barriers; reduction of transportation costs; and promotion of economic development for all economic uses of the entire highway corridor and potential development caused by the highway existence.

Scenic Roads

A scenic road program is an important component of the federal-aid highway system. Incentives should be provided for efforts to maintain scenic and historic roadways. Changes need to be made in the Highway Beautification Program which facilitate the removal of illegal or non-conforming signs. Such changes should take into consideration the fiscal ability of the state or local removal/compensation authorities.

Urban System

The urban road system has become increasingly congested as traffic volume has exceeded road capacity. Those sections of Interstate in urban/suburban areas of the country which have experienced tremendous growth should receive special attention. A new category of funding should be created to provide support for capacity expansion.

Rural System

Greater emphasis should be placed on developing rural highways. Federal programs should focus on upgrading existing highways with a goal of encouraging economic development, commercial access, and personal mobility.

Set-asides

The recently expanded Disadvantaged Business Enterprise program includes women as a presumptive class of socially and economically disadvantaged individuals in a single goal system. NCSL supports the distinction of contract and overall goals for minority and for women-owned firms. The present lack of separate goals allows a disproportionate amount of set-asides to be awarded to firms, notwithstanding their economic standing.

National Conference of State Legislatures

## OFFICIAL POLICY

### MASS TRANSIT

The National Conference of State Legislatures recognizes the important role the federal government has played in recapitalizing deteriorating transit systems. The mass transit component of the national transportation system is vital to urban and rural dwellers, commuters, elderly, young and the poor. Adequate federal support of the mass transit system will contribute to the reduction of urban congestion and air pollution; encourage energy efficiency; and promote overall mobility.

Federal Programs

The focus of a federal mass transit assistance program should be on alleviating congestion and ensuring mobility. The existing programs should be restructured to provide federal support for those efforts which seek to encourage and expand ridership. The federal program should not encourage investment according to the availability of categorical funds, but on the basis of need and merit. The level of federal support should bear a relationship to the service levels state and local governments are willing to support.

A. Formula Grants - consideration should be given to a consolidation of categorical programs in order to increase state and local flexibility in priority-setting. However, a consolidation of mass transit and any highway grant program may result in undesirable competition for limited funds.

B. Discretionary Grants - this program should be supported with the one-cent federal gas tax in order to provide assistance to capital-intensive projects. NCSL opposes efforts to require minimum allocations of discretionary capital funds regardless of specific demonstrated need and in the absence of requirements that funds from the Mass Transit Account be dedicated to mass transit projects only. NCSL does not support preferential treatment being given to applicants who overmatch federal financial requirements. This policy would place less economically healthy applicants at a competitive disadvantage.

C. Research/Development - the federal government has an appropriate role in financing a viable research and development program. The financial commitment in this regard has decreased in recent years. Federal research should concentrate on the development of efficient and reliable modes of mass transit.

Finance

NCSL supports the present division of federal aid, with discretionary grants financed with the one-cent federal gasoline excise tax and formula grants supported through General Fund revenue.

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A. Tax Policy - federal policies should be changed to support the use of high occupancy shared-ride services and to provide overall incentives for system usage.

B. State Efforts - any statutory or regulatory barriers to state and locally-granted revenues should be removed.

C. Private Sector - the private sector has an important role in supplementing public support. The level of private sector participation is best determined by state and local authorities. Mandated private participation criteria should not be a prerequisite for receiving federal funds.

Mandates

The number and scope of federal mandates to recipients of mass transit recipients has grown steadily. These mandates require recipients to meet certain transit and non-transit related social goals. In the absence of federal financial support for the implementation of such mandates, NCSL urges that mandates not directly related to the mass transit program be eliminated and those that are necessary to the program be fully funded.

As existing federal goals for mass transit providers are somewhat ambitious, there is room for clarification of purpose so that limited funds are disbursed in the most efficient manner. Federal mandates should not be applicable to state and local "overmatches."

National Conference of State Legislatures

## OFFICIAL POLICY

### TRANSPORTATION SAFETY

The National Conference of State Legislatures supports a continued federal role in setting national performance and safety goals. Highway safety programs should be expanded to incorporate emerging safety issues.

Federal transportation safety programs should provide incentive funding to promote comprehensive safety programs in the states. Necessary modifications should be made in federal safety grants programs to permit the maximum number of states to qualify, with the level of annual appropriations being adequate to fund grants to all states which qualify.

NCSL opposes the use of federal sanctions to enforce federal safety standards, particularly in operator-specific areas, such as speed limit compliance. Any existing federal compliance standards should reflect overall state effort to promote safety.

Increased federal attention to safety education is an appropriate vehicle for federal involvement. NCSL supports federal activities which seek to identify and remove transportation operators who have a record of unsafe operation of any mode of transporation. The opening of the National Driver Register to all transportation industries supports this goal. Individual privacy should be accorded appropriate safeguards.

It is a federal responsibility to ensure the drug and alcohol-free operation of federally-regulated transportation systems, and to this end, drug and alcohol use testing is an necessary mechanism.

### HIGHWAYS

The federal government should identify and develop advisory approaches to overall highway safety. NCSL supports the full utilization of existing technology to promote safe travel. In that traffic in some cases exceeds design standards, additional safety measures should be encouraged. Such approaches, as "positive guidance" which provides the maximum amount of visual information, should be explored as a means of maximizing driving safety.

NCSL requests Congress to restore to each state the right to determine those speeds that are appropriate within its state boundaries. The existing partial restoration of this right, whereby states were permitted to increase certain rural segments to 65 mph, should be modified to eliminate arbitrary boundaries and replaced with standards founded on engineering safety considerations.

Federal speed monitoring and compliance standards, if reinstated, must be altered to more accurately reflect compliance effort and unique state circumstances.

**AVIATION**

NCSL recognizes the modernization of the nation's air traffic as a federal priority. The implementation of the National Airspace System Plan, developed to meet air traffic demands and alleviate aviation hazards, should be expedited. While the nation's aviation network does faces capacity limitations, NCSL supports the efficient utilization of existing capacity through scheduling improvements. The Federal Aviation Administration should consider providing federal incentives for non-peak service by carriers.

NCSL supports the use of Aviation and Airways Trust Fund monies for security improvements.

In the ongoing implementation of TCA's, there is a need for a more cooperative effort between users and technicians.

**MOTOR CARRIERS**

There is a continuing need for federal support of state enforcement and inspection activities. The Motor Carrier Safety Assistance Program has been important to states in this regard and should be reviewed for programmatic improvements which enhance state participation.

NCSL supports the right of the states to make determinations of reasonable "access" for motor carriers. NCSL further supports as a state option the expansion of the existing definition of "terminal."

Federal guidelines which identify safety and engineering concerns to be considered in "access" determinations would help supplement state efforts. Such guidelines should be related to vehicle operating characteristics and route specifications, but should not restrict the state decision-making process.

The fiscal realities involved in upgrading all roads and bridges to accommodate extensive expectations of "access" demand that the onus be placed on truck design that complements existing transportation networks.

States which have adopted the preponderance of the federal commercial driver's license requirements should be held in "substantial compliance" even when sanctions against drivers with blood-alcohol content (BAC) levels lower than the federal illegal standard are not adopted.

Federal support for research and development of technology which facilitates motor carrier safety should be increased, particularly that which provides information on safety compliance.

**WATERWAYS**

NCSL endorses an increased state role in disciplinary actions against unsafe boat pilots. The responsbility of employers of boat pilots to fully investigate the pilot's history in operating modes of transportation should be upheld by the federal government.

NCSL supports the conformance of federal boating-while-intoxicated standards to any enacted state BAC standard.

# STATE BUDGET UPDATE

National Conference of State Legislatures
April 1991

| State | Budget Actions | Tax Actions |
|---|---|---|
| Alabama | The Legislature will convene April 16. One issue will be how to deal with the ruling that the tax on hazardous waste is unconstitutional because it is higher for out-of-state deposits than in-state. One possibility is to make the higher rate apply retroactively to in-state sources. The revenue loss is requiring proration of general fund appropriations; that is, across-the-board cuts. | The general fund for FY1992, leaving the hazardous waste tax out of the picture, will be up only 2.2 percent. The Education Trust Fund should grow about 4.2 percent. No tax action is likely in the regular session, other than the hazardous waste issue, but the school equity lawsuits could require a special session depending on rulings. |
| Alaska | Not available. | Not available. |
| Arizona | The gubernatorial runoff election and the Azscam ethics probe have slowed budget considerations down significantly. The Legislature is now in a position to get back to budget deliberations. The Joint Legislative Budget Committee has issued budget recommendations calling for less spending than last fiscal year to balance the FY1992 budget. The governor's office issued a six point "fiscal principles" plan designed to guide budget discussions. The principles are 1) no new taxes, 2) no shifting of costs to local government or the private sector, 3) no one-time fixes, 4) no new programs without offsetting savings, 5) state money should be spent on future economic growth and 6) the state should have an ending balance of $70 million or 2 percent of the general fund. | No new taxes recommended by either the governor or the Legislature. |



2039

| State | Budget Actions | Tax Actions |
|---|---|---|
| Arizona (continued) | The Joint Legislative Budget Committee's recommendations have approximately $130 million of funding which is inconsistent with some of the governor's principles. The JLBC accepts principles one and four but has definitional problems with principle five. The JLBC recommendations are inconsistent with principles two, three and six. The JLBC budget proposes $40 million in savings from cost shifting to locals and the private sector. These shifts include freezing urban revenue sharing at FY1991 levels; private sector fee increases for contractors, railroads and agriculture; and billing adjustments for the Arizona Health Care Cost Containment System (AHCCS). The JLBC also recommends several one-time savings such as fund transfers and delaying equipment purchases and capital construction. Finally, the JLBC differs with the governor in recommending a $45 million carryforward versus $75 million. | |
| Arkansas | Current revenues are running $18.5 million above forecast. Revenue estimate for FY1992 is for a growth of $16 million over FY1991. | Corporate income tax was raised by 1 percent. Gasoline tax was raised by 5 cents and diesel by 6 cents per gallon. Sales tax was increased. Cigarette tax will likely be increased. Initial fee on state driver's licenses also to be increased. Medicaid provider tax likely to be passed. |
| California | The potential deficit for the next 18 months is estimated at $12.6 billion. A bipartisan group of legislators is currently working together with the governor on a budget plan. The budget is ahead of schedule. A hiring and contract freeze is in effect. No furloughs have been proposed. A change in entitlement programs is proposed to reduce expenditures. | No change. |



2040

| State | Budget Actions | Tax Actions |
|---|---|---|
| Colorado | A funding package for FY1992 was introduced in the Senate during the last week in March. This package calls for a general fund appropriation of $2.69 billion; which is an increase of 82.6 million or 3.2 percent over last fiscal year. Planned K-12 funding commitments will be kept and higher education spending will be up 4 percent. Corrections received $15 million in extra funding to help get new prison facilities on line. The Department of Social Services also received additional funding to meet the costs of caseload increases. The primary budget culprit in this area was federal Medicaid mandates which cost the general fund $6.1 million. | No new taxes are proposed for FY1992. General fund revenues are projected to be up $142.8 million, or 5.5 percent, in the new fiscal year. |
| Connecticut | Legislative analysts report that FY1992 spending will increase 2.37 percent, including debt service and other adjustments; part of governor's plan is to save $400 million in personnel costs by holding salaries level, requiring higher member payments for health insurance and changing in pension funding; the alternative is 8,000 layoffs on April 1, which would save $200 million in FY1992 because of complicated and expensive provisions for dismissal. | The Joint Finance Committee is examining an alternative revenue proposal to the governor's plan. |
| Delaware | The revenue estimating conference met March 18 and revised the FY1991 estimate down $24 million and the FY1992 estimate down $35 million. This is the third consecutive reduction. The FY1991 estimate is now 5.5 percent below the original estimate. Personal income, corporation income and franchise collections are all down. The FY1991 year-end deficit is now estimated at $17 million. The governor and legislative leaders will meet in April to discuss balancing budget. The Legislature approved an early retirement plan estimated to reduce 500 or more positions and save $10 million in FY1992 and beyond. | The governor proposed no new taxes. There are some general discussions of tax increases due to new lower revenue estimate, but no concrete proposals from the governor or legislative leaders. |



2041

| State | Budget Actions | Tax Actions |
|---|---|---|
| District of Columbia | The District is currently looking at a $300 million budget problem. About $150 million of this potential deficit is due to a revenue shortfall and $40 million is due to overspending for public safety, human services and debt service. The rest of the deficit has been caused by budget decisions, failure to pass budget authorizations and payments for an accumulated past deficit. The council will vote on the FY1991 revised budget and the FY1992 budget on April 9 (D.C. has a September 30 fiscal year). | A proposal has been made to increase the cigarette tax to 30-cents per pack. |
| Florida | The budget has been passed out of committee in both houses. Maintaining service levels for all state programs is a major concern of the Legislature. | No major taxes to go along with FY1992 budget. |
| Georgia | The FY1992 budget of $7.9 billion was passed. It represents a 6.3 percent growth over FY1991. No cost of living increases were included in the budget. All food is taxed after the repeal of the limited food tax menu. Revenue collections are steady. | No change. |
| Hawaii | Despite anticipating a 1989-91 biennial ending balance of $175 million, the state is concerned about anticipated revenues. Tourism, which provides the major source of revenue for the state, is down. As a result, the governor proposed an emergency appropriation of $6 million for tourism advertising (the Senate has approved the bill, which is now in the House).<br><br>The state does not expect serious fiscal problems in the 1991-93 biennium, but officials know they will not enjoy the same budget luxuries as in the boom years. The ending balance for the 1991-93 biennium is targeted at $80 million to $100 million (to maintain the state's bond rating). | Several tax proposals are being considered for FY1992 including raising liquor and gas taxes and reforming the insurance premiums tax. |



2042

| State | Budget Actions | Tax Actions |
|---|---|---|
| Idaho | Idaho expects to end FY1991 with a $30.2 million surplus. Since the state is nearing completion of its legislative session, the budget for FY1992 is uncertain. Although the state expects to end FY1992 with a balanced budget, several pieces of legislation are being considered that would affect the revenue picture. | Several pieces of legislation are being considered that would affect the FY1992 revenue picture. |
| Illinois | Standard and Poors has placed the state on credit watch. Assistance payments and Medicaid caused significant budget problems. The governor is using his budget cutting powers to reduce agency spending and has put a freeze of capital spending. Budget cuts are projected to save $87.3 million ($49 million in general fund spending) for FY1991. State funding of local civic centers has been halted. Two thousand state jobs are expected to go unfilled to generate additional savings. But FY1992 looks better. Revenues are expected to come in fine and FY1991 bills are being deferred to FY1992. Revenue estimators project $825 million in revenue growth for FY1992 with only $220 million needed for new appropriations. The additional funds will be used to pay 1991 bills and establish a reserve to improve the state's credit standing. | A number of property tax relief measures were introduced during the recent special session. No action has been taken yet. |



2043

| State | Budget Actions | Tax Actions |
|---|---|---|
| Indiana | Legislative budget committees are awaiting the governor's next move on budget deliberations. The governor had proposed a large cut ($206 million) in education spending but has received very negative public reaction. The governor hopes that the April revenue forecast revision will yield a surplus which he has promised would go to education. If there is a surplus it does not appear it will be large. Most other spending categories of the state's budget are scheduled for no increase for FY1992, including no adjustment for inflation. State agencies have been asked to find places to cut their budgets and the governor is proposing no pay increase for state employees. The governor is also proposing that locals increase the property tax. Senate Democrats have released their budget proposals which include increases in support for local schools, and employee salary and benefit increases. Republican proposals include agency reductions and restoration of teacher social security reimbursements along with limitations on higher education bond issuance and use of lottery appropriations for capital projects. Both parties are talking about using the $321 million rainy day fund and the $144 million tuition reserve fund to deal with budget problems. | Senate Democrats have proposed increases in corporate and personal income taxes and cigarette taxes. Republicans want no new taxes. |
| Iowa | The Legislature passed a $60 million de-appropriations bill in February and a $30 million supplemental for human services and other programs in early March. A second supplemental ($10 million) for human services is possible. Revenues continue to come in slightly below projections, with the state anticipating an $18 million surplus for FY1991. For FY1992, the governor has proposed an austerity budget with no tax increases, no major new initiatives and no pay increases for state employees. | The governor proposed no tax increases, and the Legislature is likely to agree. |



2044

| State | Budget Actions | Tax Actions |
|---|---|---|
| Kansas | The basic budget situation in Kansas is unchanged. Most appropriations bills are being reduced. Education has received a 2.5 percent cut. The House and Senate have just "turned over" their appropriations bills to each other. Budget policy positions in the two houses are not clearly delineated and probably will not be until conference committee. | The House is considering an income tax measure and the whole Legislature is struggling with the issue of reduction of property taxes. |
| Kentucky | No session this year. Revenues continue at projections, indicating that Kentucky is weathering the recession well. | No session this year; no tax proposals. |
| Louisiana | Louisiana reports that it will end FY1991 with a general fund surplus of $437 million. The size of the anticipated FY1992 shortfall (estimated at $911 million in February) has increased to $921 million. Proposed actions to eliminate the shortfall include a transfer of $386 million from the FY1991 surplus, budget cuts and an extension of the suspension of selected sales tax exemptions, which raises $310 million annually. Since the state Constitution prohibits tax increases in regular sessions in odd-numbered years, the Legislature will convene in a special session (April 1-8) to consider continued suspension of the sales tax exemptions. A second special session (April 8-15) will be called to address reapportionment. The Legislature will convene its regular session on April 15. | Since the state Constitution prohibits tax increases in regular sessions in odd-numbered years, the Legislature will convene in a special session (April 1-8) to consider continued suspension of the sales tax exemptions. |

2045

| State | Budget Actions | Tax Actions |
|---|---|---|
| Maine | The governor signed a bill to close the $110 million FY1991 budget gap and provide $70 million in supplemental appropriations. Supplementals included AFDC, local aid, Medicaid, overtime in corrections and mental health, and $6.5 million to continue health programs for the uninsured. The bill also included $43 million in cuts for state agencies, reclaiming $49 million in surplus from the retirement fund, three furlough days for all state employees before June 1, and advancing the payday for state employees by one day.<br><br>The Legislature now turns to the FY1992 budget. The deficit is projected at over $700 million for the 1992-93 biennium out of a total budget of $3.25 billion. The governor's proposals include increasing state employees' insurance co-payments and retirement contributions. | The FY1991 deficit elimination bill included the following: changes in filing dates for corporate taxes, accelerating sales and personal income collection dates, borrowing $15 million from the Maine Turnpike Authority, and delaying the effective date of the Investment Tax Credit.<br><br>The governor's FY1992 proposal includes: postponing numerous tax reductions already on the books, reducing the property tax circuitbreaker, and hiring new revenue collection agents.<br><br>Legislative tax proposals include raising the sales tax rate and broadening the sales tax base. |
| Maryland | The FY1991 budget deficit has increased from $443 million (in February) to $553 million (in March). $454 million of the total deficit is due to a revenue shortfall; the remaining amount is due to deficiencies in appropriations.<br><br>Strategies to eliminate the shortfall include cutting the budget by $220 million, transferring $300 million from other funds (e.g., rainy day fund) and increasing fees $30 million by making small adjustments.<br><br>The FY1992 budget deficit is estimated to be $192 million. $117 million of the shortfall will be eliminated through budget reductions; the remaining amount will be covered by revenue enhancements. | No tax proposals for FY1991. Small adjustments to fees are expected to raise $30 million.<br><br>The General Assembly will consider a $75 million tax package for FY1992. The package will include increasing cigarette taxes and closing minor loopholes in the sales tax. The General Assembly also will consider changing the 40 percent capital gains exclusion. |



2046

| State | Budget Actions | Tax Actions |
|---|---|---|
| Massachusetts | The Legislature sent a proposal to the governor for balancing the FY1991 shortfall; it includes debt refinancing, asset sales, postponement of pension payments, furloughs, across-the-board spending reductions and minor Medicaid cuts. Most of the FY1991 shortfall is due to poor revenue performance; the shortfall will likely fall 9 percent to 10 percent below original projections. The governor's FY1992 budget proposals call for a combination of reduced spending and increased revenue strategies; the Legislature has yet to consider FY1992 proposals. | No new taxes or tax increases have been proposed. Fee increases are much more likely. |
| Michigan | The FY1991 budget shortfall reached $1,137 million, but cuts of $536.3 million (through 9.2 percent across-the-board cuts) have reduced the shortfall to $600.7 million. This remaining shortfall will be eliminated using a combination of techniques including a transfer from the rainy day fund, use of one-time revenue (inter-fund borrowing, refinancing debt), accounting adjustments and implementing additional expenditure reductions. The Legislature enacted supplemental appropriations to avoid anticipated layoffs (some layoffs are being delayed by lawsuits).<br><br>For FY1992, the governor has proposed a budget that fits within the revenue estimate. His proposal includes a net $280 million property tax cut. | None for FY1991 or FY1992. |



2047

| State | Budget Actions | Tax Actions |
|---|---|---|
| Minnesota | The governor's budget would close part of the $1.2 billion budget gap in FY1992 by reducing local aid $650 million, reducing higher education 2 percent ($30 million) below FY1991 levels, and reducing human services programs. The governor is still opposed to tapping the $500 million rainy day fund. The Legislature has expressed strong opposition to the governor's cuts in local aid, although there is an acknowledgement that spending cuts are necessary. | The governor proposed: conforming to the federal income tax ($80 million in biennium), raising the cigarette tax (from $.38 to $.62 per pack) and raising the alcoholic beverage taxes. The sin taxes would raise $270 million in the biennium. The governor also wants to change the current classified property tax system in a way that would increase property taxes for residences worth less than $68,000 and reduce property taxes for homes worth more than $100,000 and for businesses. Part of the increase for lower valued homes would be offset by an expansion of funding for the circuitbreaker program. However, legislative leaders have expressed strong opposition to the property tax change, and the governor appears to be backtracking on it. |
| Mississippi | The House removed the Senate's proposal to adopt the Arkansas A-B-C budgeting system, but left the requirement that state employment fall 10 percent by July 1, 1995 and retained some cash management reform. | The House shucked the Senate tax bill and substituted a 1-cent sales tax increase (to raise $135 million in FY1992). The lottery seems less and less likely as opposition among the voters becomes clearer. |
| Missouri | The budget situation is poor in Missouri. Revenues are $250 million off from projections, mainly from a drop in sales taxes, and expenditures are high due to the effect of federal Medicaid mandates and court ordered desegregation. The state is netting $75 million through an arrangement with the state Hospital Association, whereby the state receives $75 million in donations from the hospitals to help with the state Medicaid match and agrees to increased hospital rates for Medicaid services. Social services, Medicaid, AFDC, foster care and paymeats to schools have been exempted from budget cuts. Higher education may be cut 6 percent and all other state spending will be cut 10 percent. | The speaker may propose a tax package. |



2048

| State | Budget Actions | Tax Actions |
|---|---|---|
| Montana | Midway through the budget process, fiscal staff recommended a $10 million downward revision of the revenue estimate; the Legislature, however, chose to adopt the original estimate. The anticipated fiscal year-end general fund balance is $49 million, down from $70 million last month. State employee pay increases are not yet funded, and a foundation program is expected to require $40 million new dollars. The state's portion of Medicaid is projected to increase 19 percent over the next biennium. | Concern about oil prices and severance tax collections continues. The Senate passed a bill to tax retirees, which would generate $15 million in additional revenues. |
| Nebraska | The Budget Committee is proposing a 4 percent cut in all operations from the current services levels; $16 million more in cuts will be needed but there is no proposal yet.<br><br>There are no proposals to raise new revenues. The major tax issue has been a property tax relief plan, but a state Supreme Court decision will force the state to equalize $34 million to $40 million in refunds by local governments. The new issue is: Should the state help the locals out? | |
| Nevada | The $116 million general fund surplus projection will probably be lowered by $10 million in April, with a target carryover of $50-55 million. Supplemental appropriations for aid to education are expected. A combination of some type of revenue increase combined with spending cuts is likely. | In mid-session the Legislature doesn't appear to favor the governor's proposed Business Activity Tax (BAT). Gaming tax collections continue healthy. But there has been an unexpected downturn in sales tax collections (growth over last year is at 5 percent instead of the projected 6.5 percent). |



2049

| State | Budget Actions | Tax Actions |
|---|---|---|
| New Hampshire | The FY1991 supplemental budget is in the Senate. Revenues from existing sources will not fund a continuation level budget for the next biennium. House Appropriations has reported out a budget within the revenue forecast, but well below continuation. The budget bill has been supplemented with an "additional needs" bill which is not funded, and the Legislature's revenue estimate is below the governor's. | The House approved a temporary 1 percent increase in the business profits tax; governor threatens to veto creation of either income or sales tax. |
| New Jersey | New Jersey reports that its FY1991 budget shortfall is currently estimated at $703 million: $100 million is due to additional spending needs ($85 million for Medicaid and $15 million for miscellaneous programs) and $603 million is due to revenue shortfalls. The state will have a better idea of its fiscal situation in May after three-fourths of the annual tax collections have been tabulated. To deal with the budget shortfall the state has or will:<br>o Implement layoffs;<br>o Enact an 8 percent across-the-board reduction (imposed by executive order);<br>o Ban out-of-state travel;<br>o Reduce the state motor pool;<br>o Delay or cancel capital projects.<br><br>In addition to current budget problems, state officials expect a shortfall of approximately $12 million for FY1992. This amount is based on the budget as proposed which includes nearly $800 million in additional resources (including $388 million from employee givebacks), employee layoffs, hiring and wage freezes for state employees, and cuts in state aid and grants. Not surprisingly, employee unions are adamantly opposed to the proposals affecting state employees. | State officials will not consider additional taxes for FY1991. (In their 1990 session, the state raised taxes by $2.6 billion--effective for FY1991).<br><br>The FY1992 budget as proposed includes $800 million in additional resources. $388 million in employee givebacks (removal of COLAs, reduction in fringe benefits, etc.), $400 million in one-time revenues derived from the sale of state roads to the New Jersey Turnpike Authority, and other miscellaneous sources of revenue. |

2050

| State | Budget Actions | Tax Actions |
|---|---|---|
| New Mexico | Session is over and the governor has signed the general appropriations act. The state can meet its financial obligations for the next year. The executive reduced the FY1992 revenue estimate by $33 million because of reduced corporate income tax returns as well as volatile oil prices. He also reduced the current year estimate, financing $25 million out of operating reserves and some earmarked funds to meet current-year appropriations. The revenue shortfall was due in large part to $18 million in corporate income tax refunds. For FY1992 there is a 3.5 percent increase in general fund spending that includes a state employee salary increase of 1.5 percent. The trend continues of increased spending for social programs, particularly for home placement of developmentally disabled people. The state was also able to fund first grade class size reduction. The upward spiral in Medicaid spending continues, though the state benefits from a 73/27 match. A special session on reapportionment is scheduled for September. | There were no general tax increases, though the tax rate on insurance firms was equalized (a revenue-neutral act). |
| New York | FY1992 began April 1, with no agreement between the Legislature and the governor on the budget. The state is facing a $6 billion deficit. The speaker of the Assembly proposed an alternative to the governor's budget. The speaker's budget proposal essentially offers the same amount in spending and the same amount in budget cuts as the governor's. The difference is in the mechanisms for revenue generation. Another part of the budget proposal is to extend the fiscal year by three months in order to bring the state in line with most other states' fiscal year. | No change. |



2051

| State | Budget Actions | Tax Actions |
|---|---|---|
| North Carolina | The current shortfall is to be covered by 2.2 percent agency spending cuts, use of entire $141 million rainy day fund, deletion of 43 percent of authorized capital projects and a hiring freeze. The FY1992 shortfall is $779.2 million on a continuation budget. | No change. |
| North Dakota | Session wrap-up is close and revenues are still holding to early estimates. The Legislature is expected to come in close to the governor's recommended spending for the next biennium--$1.167 billion. A March 1 estimate lowered 1991-93 revenues by $2.8 million. With a beginning $105 million general fund balance, the state now expects to end the next biennium with a $40 million balance. | Although some ground was lost to lower oil prices, sales, personal and corporate income tax collections were stronger than expected (up $6 million for FY1991). No new major taxes have been proposed, but the cigarette tax due to sunset will continue and the Sunday shopping just approved this session is expected to generate $16.3 million in additional revenues for 1991-93. |
| Ohio | Ohio reports that its budget shortfall is $477 million. Although the state met its revenue estimate for February, March revenues are down by $50 million. The shortfall will be addressed through a combination of cuts and one-time revenue sources such as transfers from the budget stabilization fund and excess lottery profits.<br><br>A shortfall of $1 billion is expected in the first year of the 1991-93 biennium with a shortfall of $650 million in the second year. The governor's budget proposal for the biennium includes a combination of fund transfers ($130 million from the rainy day fund) and revenue increases. Additionally, the state expects to lose 1,500 employees through attrition and layoffs (and an additional 1,100 if state-run liquor stores are privatized). | No tax increases to deal with fiscal problems in the 1989-91 biennium. The Legislature may consider revenue increases for FY1992. |

2052

| State | Budget Actions | Tax Actions |
|---|---|---|
| Oklahoma | The budget outlook has not changed much. Revenues are up 3.5 percent. Last year's K-12 reform package is being funded on schedule, an increase of $100 million. Other agency budgets are being cut to fund the K-12 needs and the governor's proposal for a 12 percent increase for higher education. Federal Medicaid mandates and court ordered spending for a developmentally disabled facility are causing unexpected spending increases. Corrections spending is also a budget concern, particularly funding for staffing levels. The Legislature has not been amenable to the governor's general obligation bond proposal. | The new governor says no new taxes without a vote of the people. There are two tax cut measures moving through the Legislature. The first would create double tax exempt status for local government bonds and the second would reduce the state tax on parimutuel horse racing. |
| Oregon | The March revenue estimate is up because of increased collections due to a healthy economy. However, an additional $633 million must be found for school funding purposes, necessitating agency cuts of 10 percent to 15 percent. The state expects a $384 million general fund balance for the current biennium ending in June, but the 1991-93 biennial budget will require $1.76 billion more for education. Other new programs are unlikely. | Personal income tax collections have led to an increase in the March revenue estimate. The Legislature has shown little support for the governor's proposal to institute a sales tax. No other significant revenue-raising proposals are on the table. |
| Pennsylvania | The first supplemental appropriation has been drawn from state's rainy day fund ($133.8 million). The first round of layoffs numbers 1,500. Non-union employees took a pay cut. | No change. |
| Puerto Rico | Current budget saving measures include a hiring freeze and an attrition program in all agencies. Puerto Rico is facing a tighter budget after the sale of the government-owned telephone monopoly fell through. The governor is almost two months late in presenting his budget. | Consideration of placing an excise tax on non-alcoholic beverages for the purpose of funding the government-owned Children's Hospital. Other taxes that may be increased include casino, liquor, candy, gasoline and diesel fuel taxes. |

| State | Budget Actions | Tax Actions |
|---|---|---|
| Rhode Island | The governor will submit his FY1992 budget on April 9. Agencies have been asked to present budgets that will fund 80 percent of current service levels. | No change. |
| South Carolina | The potential shortfall for FY1991 has been increased to $132 million. The deficit management strategy is to reduce the state agency personnel fee allocation by 3 percent and tap into the rainy day fund for $62.7 million. The revenue growth projection in FY1992 has been reduced by $32 million. | The House has proposed a increase of 5 cents per cigarette pack and a fee of $5 per Medicaid patient day. |
| South Dakota | Session is over; the budget that was passed--$517.8 million or approximately 8 percent over last year's budget--is similar to that delivered by the governor in late November--austere. The state employee salary package was approved and there was no budget cutting activity. Very little additional money was appropriated for water projects and education. The biggest increases were in social services, human services and corrections. | Revenues continue at projected levels. There were no tax increases or other tax activity of any significance. A proposed 1/2 cent sales tax increase was scuttled. The governor and majority party pushed for a 1-cent increase in the sales tax, and the Democrats countered with proposed budget cuts and taking money from reserves for education and water. No compromise was reached and the governor's budget passed. |
| Tennessee | Revenue collections continue to be disappointing; there are no budget decisions yet on FY1992. | Tax proposals are on hold; a tax increase is unlikely to pass either house this session. |
| Texas | The Legislature has agreed to finalize the state budget during regular session. The two year budget will likely be maintained. | The speaker is proposing a sales tax increase and a broadening of the tax base. Reform of the state franchise tax is also proposed. Local property taxes will be affected by the school finance bill (higher minimum effort). |

2054

| State | Budget Actions | Tax Actions |
|---|---|---|
| Utah | The governor signed a budget bill that eliminated a small FY1991 deficit ($15 million) and provided for 4 percent growth in general fund spending in FY1992. Included in the FY1992 package were a 4.5 percent salary increase for public employees, a reduction in human service budgets below current services and partial funding of enrollment growth for higher education. A special session is likely to address state bond projects. | The budget bill increased the cigarette tax $.03 per pack, for a net increase of $2.8 million, and increased various transportation fees by about $1 million. |
| Vermont | The House's version of the FY1992 budget is likely to be near the $660 million the governor recommended. At the $660 million level, and before any tax increases, the FY1992 budget is $150 million short. | Tax increases or extensions on telecommunications, the Vermont Yankee nuclear plant and motor fuel are being discussed in committees.<br><br>The House has passed a tax bill increasing the state sales tax from 4 percent to 5 percent ($29.2 million in FY1992) and extending it to wine ($1.0 million in FY1992). The bill also: extends the income tax at its current rate of 28 percent of federal liability and changes it from a flat to a three-tiered tax ($38.2 million in FY1992), increases meals and room taxes from 7 percent to 10 percent to raise $5.2 million in FY1992, increases corporate income and bank taxes to raise $5.0 million in FY1992, and increases the cigarette tax to raise $1.0 million in FY1992. The FY1992 increases total $81.6 million. Early implementation could also raise $5.9 million in FY1991, mostly from the sales tax. |



2055

| State | Budget Actions | Tax Actions |
|---|---|---|
| Virginia | The General Assembly has been wrestling with a $2.2 billion projected deficit for the 1990-92 biennium. $2 billion of this problem was due to a revenue shortfall and the remaining amount due to federal Medicaid mandates, increases in Medicaid utilization, health care inflation and Aid for Dependent Children increases. The problem is to be addressed through $1 billion in spending cuts and the remainder in fund transfers. Revenue growth was a negative 1.4 percent for FY1991. Although revenues are expected to be up in FY1992, virtually flat spending is expected. Budget cuts were arrived at by eliminating the capital outlay program, scheduling no salary increases for state employees, reducing $311 million in aid to local governments and by enacting an early retirement program designed to yield $37 million in savings. Some small agencies were eliminated such as the World Trade Agency and the Commission on the Status of Women. Other agencies received cuts of up to 20 percent. K-12 funding was originally recommended to be cut by $151 million by the governor, but the Legislature restored $46 million of that. Higher education was cut by 16 percent but tuition assistance for middle class and lower income students was increased. A proposed furlough plan for state employees was not approved. Actions to help balance the budget through transfers included three years of lottery proceeds ($552 million) which had been scheduled for capital outlay transfer to general fund operations. Increasing the projected investment yield on the state pension fund helped keep $230 million in the general fund and $100 million was transferred out of the transportation trust fund. | A tax increase was not part of the budget balancing package but several revenue actions did net $89 million. These included additional tax compliance auditors, stiffer fines for delinquent tax payers and deferral of corporate tax reductions. |



2056

| State | Budget Actions | Tax Actions |
|---|---|---|
| Washington | The official revenue forecast released March 15 showed that the state collected $193 million above the estimate for the 1989-91 biennium. This will help relieve the budget crunch for the 1991-93 biennium. To balance his 1991-93 budget, the governor has proposed increasing user fees. | For 1991-93, the governor has proposed increasing various user fees (e.g., filing fees for non-profit corporations, environmental fees, and hunting and fishing licenses). |
| West Virginia | The economy continues to outperform expectations; FY1991 revenues through March 12 were $19 million above estimate. Severance tax collections continue strong, and both the personal income and sales taxes are running above estimates. The Legislature passed and sent to the governor a FY1992 budget with no major new spending initiatives or reductions. Legislators included contingent appropriations language that would allocate a projected $23 million FY1991 surplus to various programs. Any surplus above this level would be used to fund the teacher salary increases approved in 1990. Current law requires the state to borrow $50 million from state retirement funds to cover the salary increases. Proposals to consolidate state medical schools and overhaul the state's health care programs were postponed until next year, when study commissions will report back to the Legislature. | No tax increases were included in the FY1992 budget. |

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| State | Budget Actions | Tax Actions |
|---|---|---|
| Wisconsin | The governor submitted a budget on February 7 that does not raise general fund taxes, holds increases in K-12 education below historical growth, and uses lottery funds to replace general fund spending for local aid and other programs. The FY1991 budget is projected to end in balance, although the Legislature is likely to consider a $45 million supplemental for Medicaid sometime in April. The outlook for the FY1992-93 biennium will be more clear in April, when the Legislative Fiscal Bureau releases a key budget estimate. Except for the supplemental, major budget decisions are on hold until the estimate is released. Indications at this point are that revenues are slightly below estimate, but Wisconsin seems to be weathering the recession better than other states. | Although the prospect for tax increases will be clearer after the April budget estimate is released, broad based increases are unlikely. The governor is firmly opposed to tax increases, and absent a major revenue shortfall, the Legislature is unlikely to press for them. |
| Wyoming | Session is over and the prospects are good for FY1991. The revenue estimating group scheduled to meet in May will probably lower the estimate on oil prices. The general fund is $9.4 million in the hole for the 1991-92 biennium, but of $50.9 million in the budget reserve account, approximately $20 million is marked to cover the general fund shortfall. The total budget appropriation is $1.3 billion including federal funds, of which $69.5 million was appropriated in this session. The $629.2 million general fund budget includes $39.5 million appropriated this session. A new education funding formula designed to correct distributional inequities will cost overall an additional $45 million per year when its 5-year phase-in is completed. Meeting the requirements of a court decision on the state training school for the developmentally disabled may cost a total of $20-30 million, some of which may be reimbursable by Medicaid waivers. Its first year costs are $6.1 million. | Revenues continue to run above last year, with sales tax collections up by $7 million or about 10 percent. Mineral royalties and interest income are also ahead. Severance taxes are less clear. No significant tax activity occurred during session. |



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## Commonwealth Policy Goals

1. Renew and recapitalize the federal, state and local partnership through at least a four year re-authorization of the federal surface transportation program by September 30, 1991.

2. Oppose any use of the Highway Trust Fund revenue sources for deficit reduction, other infrastructure or any non-transportation purposes.

3. Release to the states the Highway Trust Fund revenues already collected and minimize exemptions and diversions from the Highway Trust Fund.

4. Provide obligation authority for Virginia's estimated $200 million apportionment balance at the expiration of the current law, in addition to, and not as replacement for, regular apportionments.

5. Provide substantial increases in federal funding for highways and public transportation.

6. Provide for preservation, improvement and capacity expansion of the nation's aging Interstate system and other key nation- highways through designation of a national highway sy-

funding levels that provide at least $400 million per year to the Commonwealth of Virginia for the existing system.

7. Continue separate federal programs for public transportation and provide increased funding through stable, reliable and predictable revenue sources.

8. Require full apportionment of federal Highway Funds to states employing use-based allocation processes and reducing the number of program categories.

9. Create a flexible, consolidated highway program for other roads and bridges, a separate flexible program for transit, and provide incentives for increased coordination of these programs with other modes of transportation.

10. Create greater flexibility for state and local governments to blend revenue sources; establish incentives to employ creative financing techniques; and, provide rewards for use of additional state, local and private resources for transportation purposes. Tolls should be permissible where practical and necessary on new federally assisted projects and on existing facilities, including the Interstate system, for capacity expansion and improvements.

11. Incorporate and enhance the existing advance construction and advanced right-of-way acquisition provisions in the new program.

12. Increase federal investment in research and development. Obtain federal involvement in the Commonwealth's development and demonstration of new technologies, such as Intelligent Vehicle Highway Systems (IVHS) and advanced transit technologies.

13. Reevaluate the relative cost and effectiveness of federal sanctions and mandates which withhold Highway Trust Fund revenues from state and local governments as a punitive means to enforce various federal requirements.

NATIONAL
ASSOCIATION
of
COUNTIES

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STATEMENT BY

THE HONORABLE ANDREW WARREN

COMMISSIONER, BUCKS COUNTY, PENNSYLVANIA

AND

VICE CHAIR, TRANSPORTATION STEERING COMMITTEE

NATIONAL ASSOCIATION OF COUNTIES

ON

SURFACE TRANSPORTATION LEGISLATION

BEFORE

THE SUBCOMMITTEE ON SURFACE TRANSPORTATION

HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

ON BEHALF OF

THE NATIONAL ASSOCIATION OF COUNTIES

APRIL 18, 1991

WASHINGTON, DC

MR. CHAIRMAN:

MY NAME IS ANDY WARREN. I AM A COMMISSIONER IN BUCKS COUNTY, PENNSYLVANIA AND TODAY AM REPRESENTING THE NATIONAL ASSOCIATION OF COUNTIES (NACO)* WHERE I SERVE AS VICE CHAIR OF THE TRANSPORTATION STEERING COMMITTEE. I AM PLEASED TO BE HERE TODAY TO PRESENT THE VIEWS OF NACO ON THE SURFACE TRANSPORTATION PROGRAM.

BUCKS COUNTY IS A SUBURB OF PHILADELPHIA WITH A POPULATION OF 560,000. ASIDE FROM EXPERIENCING A DRAMATIC POPULATION INCREASE OVER THE PAST DECADE, WE HAVE ALSO SEEN A CHANGE IN COMMUTE PATTERNS TO THE EXTENT THAT THERE IS NOW A SUBSTANTIAL REVERSE COMMUTE FROM THE CENTRAL CITY PHILADELPHIA TO PLACES OF BUSINESS IN BUCKS COUNTY. THERE ARE NO NEW ROADS BEING BUILT TO ADDRESS THIS COMMUTING PROBLEMS. ADDITIONALLY, INTERSTATE 95, WHICH GOES THROUGH BUCKS COUNTY, IS NOW BEING USED INCREASINGLY AS A LOCAL ROAD AND AVERAGES 19 MPH AT RUSH HOUR WITH SPEEDS EXPECTED TO DECREASE 2 PER CENT ANNUALLY OVER THE NEXT FIVE YEARS.

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*The National Association of Counties is the only national organization representing county government in the United States. Through its membership, urban, suburban and rural counties join together to build effective, responsive county government. The goals of the organization are to: improve county government; act as a liaison between the nation's counties and other levels of government; achieve public understanding of the role of counties in the federal system.

I RECENTLY CHAIRED A STUDY ON TRANSPORTATION FINANCING WHICH ESTIMATED THAT $4 BILLION WOULD BE NEEDED OVER THE NEXT TEN YEARS JUST TO KEEP OUR MASS TRANSIT SYSTEM MAINTAINED IN GOOD CONDITION WITH NO EXPANSION WHATSOEVER. OUR TRANSIT SYSTEM, THE SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY ON WHOSE BOARD I SIT, IS ON THE VERGE OF BANKRUPTCY IN PART BECAUSE OF FEDERAL CUTS IN THE TRANSIT PROGRAM AND IN PART BECAUSE OF PENNSYLVANIA'S FAILURE TO ENACT A DEDICATED SOURCE OF FUNDING FOR TRANSIT.

I HAVE STATED THESE CONCERNS NOT ONLY TO HIGHLIGHT CONDITIONS IN BUCKS COUNTY BUT TO ILLUSTRATE SOME OF THE POINTS WHICH NACO BELIEVES MUST BE FA TORED INTO ANY REWRITE OF THE SURFACE TRANSPORTATION ACT. WE HAVE INTERSTATES BEING USED AS LOCAL ROADS, WE HAVE A TRANSIT SYSTEM WHICH HAS BEEN SEVEPELY IMPACTED BY CUTBACKS IN FEDERAL FUNDING, AND A SUBURBAN MOBILITY PROBLEM WHICH IS BEING IGNORED.

LET ME COMMENT ON WHERE NACO BELIEVES THE SURFACE TRANSPORTATION LEGISLATION SHOULD BE HEADING. THE COMPETITIVENESS OF AMERICAN GOODS AND SERVICES IS UNDERMINED BY NOT INVESTING IN HIGHWAYS, BRIDGES AND MASS TRANSIT. RATHER THAN SIMPLY MEASURING TRAFFIC OR RIDERSHIP, WE MUST MAKE DECISIONS BASED ON STRENGTHENING OUR ECONOMY AND MAKING OUR GOODS AND SERVICES COMPETITIVE ON AN INTERNATIONAL AS WELL AS NATIONAL LEVEL. THE CHOKE POINTS OF OUR ECONOMY ARE IN OUR SUBURBAN AND RURAL AREAS. IN SUBURBIA, CONGESTION ADDS BILLIONS OF WASTED DOLLARS TO THE COSTS OF MOVING

GOODS, SERVICES AND PEOPLE. IN OUR RURAL AREAS UNDERINVESTMENT IN HIGHWAYS AND ACCELERATED DETERIORATION OF THESE SAME ROADS MAKE IT MORE EXPENSIVE TO MOVE COMMODITIES AND DISCOURAGES NEW ECONOMIC ACTIVITY.

NACO BELIEVES THAT THE FEDERAL GOVERNMENT NEEDS TO INVEST MORE MONEY IN SURFACE TRANSPORTATION. COUNTY, CITY AND STATE GOVERNMENTS HAVE BEEN INCREASING THEIR INVESTMENT AND IT IS TIME FOR THE FEDERAL GOVERNMENT TO INCREASE THEIR SHARE.

LET ME TALK ABOUT THE FINANCING AND STRUCTURE OF THE FEDERAL HIGHWAY PROGRAM. WE WANT TO SEE ALL THE FUNDS COLLECTED IN THE TRUST FUND SPENT FOR HIGHWAY AND BRIDGE PURPOSES AND NOT USED FOR DEFICIT REDUCTION OR ANY NON-TRANSPORTATION PURPOSE. ADDITIONALLY, NACO SUPPORTS CONTINUING THE SAME MATCH RATIOS IN THE HIGHWAY AND TRANSIT PROGRAMS.

THE HIGHWAY PROGRAM SHOULD HAVE FOUR BASIC PROGRAMS AND FOR THE PURPOSES OF THIS TESTIMONY LET US ASSUME AN ANNUAL OBLIGATION LEVEL OF APPROXIMATELY $16.0 BILLION, SLIGHTLY ABOVE THE LEVEL RECOMMENDED BY THE HOUSE BUDGET COMMITTEE. THE FIRST PROGRAM WOULD BE A URBAN/SUBURBAN MOBILITY PROGRAM FUNDED AT $2.0 BILLION. THE NEXT WOULD BE A RURAL ACCESS PROGRAM AT $2.0 BILLION. THE THIRD A BRIDGE PROGRAM FUNDED AT $2.95 BILLION.

THE FINAL PROGRAM WOULD BE A INTERSTATE/PRIMARY BLOCK GRANT SOMEWHAT ANALOGOUS TO THE THE ADMINISTRATION'S NATIONAL HIGHWAY SYSTEM BUT WITH MORE MILEAGE. IT WOULD BE FUNDED AT $7.85 BILLION ANNUALLY.

IT IS NACO'S VIEW THAT THE LEGISLATION SHOULD CONTAIN BOTH AN URBAN/SUBURBAN MOBILITY PROGRAM AND A RURAL PROGRAM. THEY SHOULD BE SEPARATE BECAUSE THE PROBLEMS OF URBAN AND RURAL AMERICA ARE SUBSTANTIALLY DIFFERENT. WE ARE ALSO CONCERNED THAT THE PROCESS OF DIVIDING UP A BLOCK GRANT SUCH AS PROPOSED BY THE ADMINISTRATION COULD BECOME A VERY POLITICAL PROCESS AT THE STATE LEVEL.

AN URBAN/SUBURBAN PROGRAM SHOULD START WITH THOSE ROADS CURRENTLY ON THE URBAN SYSTEM. THE PROGRAM SHOULD BE USED TO UPGRADE EXISTING COUNTY, CITY AND STATE ROADS FOR THE PURPOSES OF RELIEVING CONGESTION AND FOR THE CONSTRUCTION OF NEW ROUTES TO CARRY INCREASING TRAFFIC. WHILE THE CONSTRAINTS OF THE CLEAN AIR LEGISLATION ARE PRESENT IN SOME COMMUNITIES, THERE ARE STILL MANY URBAN AREAS WHERE NEW CAPACITY CAN OCCUR. IN AREAS OVER 200,000 THE FUNDS WOULD BE PASSED THROUGH TO COUNTIES AND OTHER LOCAL GOVERNMENTS AND IN AREAS OF 5,000-200,000 THE STATE WOULD ADMINISTER THE PROGRAM IN CLOSE CONSULTATION WITH LOCAL GOVERNMENT. NACO ALSO BELIEVES THAT THIS PROGRAM SHOULD HAVE THE FLEXIBILITY TO ALLOW AT THE OPTION OF LOCAL GOVERNMENT OFFICIALS UPTO 100 PER CENT OF THE FUNDS TO BE SPENT ON MASS TRANSIT.

THE RURAL ACCESS PROGRAM WOULD BE DIRECTED TOWARD THE UPGRADING OF WHAT IS NOW KNOWN AS THE SECONDARY ROAD PROGRAM. GOOD SECONDARY ROADS IN RURAL AREAS PROVIDE ACCESS TO INTERSTATES AND PRIMARY SYSTEMS AND ARE KEY FACTORS TO THE REVITALIZATION OF AMERICA'S RURAL COMMUNITIES AND TO THE AGRICULTURE, LOGGING, MINING AND TOURISM INDUSTRIES. HOWEVER, IT IS THE SECONDARY SYSTEM WHICH HAS RECEIVED THE LEAST ATTENTION FROM THE FEDERAL GOVERNMENT OF ANY OF THE NATIONAL SYSTEMS. HIGH TRANSPORTATION COSTS TO INDUSTRIES CAUSED BY POOR ROADS IN RURAL AREAS MEANS HIGHER COSTS TO THE NATIONAL ECONOMY AS A WHOLE. WE BELIEVE THAT THIS SYSTEM CAN CONTINUE TO BE ADMINISTERED BY THE STATES BUT WITH MUCH STRONGER INPUT BY COUNTY OFFICIALS IN THE ALLOCATION, PLANNING AND PROJECT SELECTION PROCESS.

LIKE THE ADMINISTRATION, WE BELIEVE THE BRIDGE PROGRAM SHOULD CONTINUE TO REMAIN SEPARATE. HISTORICALLY, THE BRIDGE PROGRAM HAS PROVIDED COUNTY GOVERNMENT WITH THE LARGEST NUMBER OF FEDERAL HIGHWAY DOLLARS AS COMPARED TO THE OTHER CATEGORIES. COUNTIES ARE RESPONSIBLE FOR A SUBSTANTIAL PERCENTAGE OF BOTH THE NATION'S BRIDGES AND THOSE WHICH ARE CLASSIFIED AS EITHER DEFICIENT OR OBSOLETE. WE WOULD, HOWEVER, LIKE TO SEE THE PERCENTAGE OF THE PROGRAM DEDICATED TO OFF-SYSTEM BRIDGES INCREASED.

NACO BELIEVES WE SHOULD PROTECT OUR INVESTMENT IN THE INTERSTATE AND PRIMARY PROGRAMS. WE CALL FOR A MERGED INTERSTATE/PRIMARY

PROGRAM WHERE THE STATES WOULD GENERALLY HAVE THE FLEXIBILITY TO SPEND FEDERAL FUNDS AS THEY SEE FIT. HOWEVER, THERE SHOULD BE EMPHASIS ON THOSE SECTIONS OF THE INTERSTATE AND PRIMARY SYSTEMS WHERE EXPANSION OF CAPACITY OR REHABILITATION WILL LEAD TO REDUCED CONGESTION. THE STATES SHOULD ALSO HAVE THE FLEXIBILITY TO SPEND SOME OF THOSE FUNDS ON LOWER SYSTEM IF IN THEIR BEST JUDGEMENT THE NEED EXISTED. WE THINK THE 15 PER CENT FIGURE IN THE ADMINISTRATION BILL IS TOO LOW AND SHOULD BE ADJUSTED UPWARD DEPENDING ON WHAT THE ULTIMATE MILEAGE OF THE NATIONAL SYSTEM WOULD BE---THE LOWER THE MILEAGE THE HIGHER THE PER CENTAGE.

THE MASS TRANSIT PROGRAM SHOULD BE CONTINUED IN ITS CURRENT STRUCTURE BUT WITH INCREASED FUNDING AND FLEXIBILITY. WE URGE THE CONGRESS TO SPEND DOWN THE BALANCE IN THE TRUST FUND IN ORDER TO INCREASE THE SIZE OF THE PROGRAM SO THAT IT CAN BEGIN TO MAKE UP FOR THE CUTS THAT IT HAS ABSORBED OVER THE PAST TEN YEARS.

FRANKLY, WE WOULD LIKE TO SEE A DEDICATED SOURCE FOR TRANSIT FUNDING RATHER THAN HAVE TO DEPEND ON THE GENERAL FUND WHICH IS WHERE TRANSIT HAS TAKEN ITS CUTS. HOWEVER, IF ADDITIONAL GAS TAX AUTHORITY DOES NOT APPEAR LIKELY, WE CERTAINLY SUPPORT THE USE OF GENERAL FUND MONIES.

NACO SUPPORTS THE CONTINUED FUNDING OF OPERATING ASSISTANCE FOR ALL SYSTEMS. WE WOULD LIKE TO SEE THE SECTION 9 PROGRAM BE AT

TRUE BLOCK GRANT AND ALLOW TRANSIT SYSTEMS TO USE FUNDS FOR EITHER OPERATING OR CAPITAL AS THEY SEE FIT. WE DO NOT WANT TO SEE SYSTEMS FORCED TO MAKE CAPITAL INVESTMENTS THEY DO NOT NEED WHEN THEY COULD USE THE MONEY FOR SUCH OPERATING EXPENSES SUCH AS MAINTENANCE. FINALLY, WE CALL FOR THE EXPANSION OF THE SECTION 18 PROGRAM. INCREASINGLY, RURAL AREAS ARE FINDING SMALL BUS AND VAN PROGRAMS A REAL ASSET WHICH IMPROVES THE QUALITY OF LIFE FOR A REGION'S CITIZENS.

A VERY KEY ISSUE FOR COUNTY GOVERNMENT IS STRENGTHENING THE FEDERAL-STATE-LOCAL RELATIONSHIP IN THE SURFACE TRANSPORTATION PROGRAM. THIS IS PARTICULARLY TRUE IN THE FEDERAL-AID HIGHWAY PROGRAM WHERE MANY LOCAL GOVERNMENTS HAVE NOT HAD ADEQUATE INPUT IN THE DECISIONMAKING PROCESS AS THEY HAVE HAD IN THE TRANSIT PROGRAM. IF CONGESTION, RURAL ACCESS AND ECONOMIC DEVELOPMENT ISSUES ARE GOING TO BE ADDRESSED BY THIS LEGISLATION THERE MUST BE LOCAL INPUT FOR IT IS THIS LEVEL OF GOVERNMENT WHICH IS THE MOST AFFECTED.

WHILE THE CURRENT LAW CALLS FOR "FAIR AND EQUITABLE" TREATMENT OF LOCAL GOVERNMENT AND "COOPERATION" AND "CONSULTATION" WITH LOCAL OFFICIALS, WE NEED A PROCESS TO BACK IT UP. LET ME MAKE SEVERAL SUGGESTIONS. FIRST WOULD BE A STATE LEVEL COMMISSION ATTACHED TO THE STATE DEPARTMENT OF TRANSPORTATION OR HIGHWAY DEPARTMENT CONSISTING OF REPRESENTATIVE NOMINATED BY THE STATE ASSOCIATION

OF COUNTIES, THE STATE MUNICIPAL LEAGUE AND THE GOVERNOR. IT WOULD REVIEW AND APPROVE THE PLAN DEVELOPED BY THE STATE DOT OR HIGHWAY DEPARTMENT FOR THE ALLOCATION OF FEDERAL FUNDS. IN CONJUNCTION WITH THIS REVIEW AND APPROVAL IT COULD HOLD HEARINGS AT WHICH OTHER LOCAL OFFICIALS COULD TESTIFY. THIS COMMISSION COULD DEAL WITH THE RURAL ACCESS AND URBAN/SUBURBAN MOBILITY PROGRAMS OR COULD INCLUDE ALL FEDERAL HIGHWAY PROGRAMS FOR WHICH THE STATES RECEIVE FUNDING.

ANOTHER OPTION WOULD BE FOR A NEW STATUTE TO GIVE THE STATES A LIST OF OPTIONS THEY COULD EMPLOY TO GET THE INPUT OF LOCAL OFFICIALS. STATES WOULD BE REQUIRED TO SUBMIT THEIR PLAN FOR LOCAL INPUT TO THE U.S. SECRETARY OF TRANSPORTATION FOR CERTIFICATION. IF LOCAL OFFICIALS FELT THE PLAN WAS INADEQUATE THEY COULD PETITION THE SECRETARY. THE BOTTOM LINE IS THAT THERE MUST BE A STRUCTURE IN ENSURE FAIR TREATMENT OF LOCAL ELECTED OFFICIALS.

THIS COMPLETES MY TESTIMONY. I THANK YOU, MR. CHAIRMAN AND OTHER MEMBERS OF THE SUBCOMMITTEE FOR ALLOWING NACO TO TESTIFY AND WOULD BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.

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# Statement of the

National Association of COUNTIES

# Future of the Surface Transportation Program

**This statement was originally prepared by the National Association of Counties' (NACo) Transportation Steering Committee. It was adopted by the full membership at the NACo Annual Conference in July, 1990.**

*The National Association of Counties (NACo) views the process of developing a comprehensive national program for the future of our transportation system as an important task. Secretary of Transportation Skinner early in 1990 issued the National Transportation Policy which has created a national debate on the issue. Counties own and maintain 1.7 million miles of roads or 43 percent of the total mileage in the United States; 219,000 bridges over 20 feet or 45 per cent of the bridges on the National Bridge Inventory; and own or contribute funding to 25 percent of the public transit systems. The role of the federal government in this post-Interstate era will be a crucial one as those decisions made at the federal level will most certainly impact the mobility and funding questions county officials must address at the local level. While the focus will be on surface transportation because of the reauthorization process in the highway and mass transit programs aviation and railroad issues are important to counties and are addressed in other NACo documents.*

## Basic Premise

The 43,000 mile Interstate system will be completed in 1991. County officials have supported the construction and completion of this system which has been done almost entirely with federal funds. They supported the Interstate program and investment in the primary system because it was necessary to link the various regions of the country. However, it is now time to change the emphasis of the surface transportation program and to treat local governments as equal partners. While NACo supports continued involvement by the federal government in funding some rehabilitation of the Interstate system, it is now time to allocate a greater portion of the resources of the federal highway trust fund to other systems.

Economic development needs to be a key factor in making transportation decisions in the future. The national and regional implications of such actions must be studied closely. Rather than simply measuring traffic or ridership, we must make decisions based on strengthening our economy and making our goods and services competitive on an international as well as national level. The competitiveness of American goods is undermined by not investing in highways, bridges and public transit—bad roads add costs to American products. The choke points of our economy are in our suburban and rural areas. In suburbia, congestion adds billions of wasted dollars to the cost of moving goods, services, and people. In our rural areas under investment in highways and accelerated deterioration of these same roads make it more expensive to move commodities and discourages new economic activity. Consideration also needs to be given to the implications of transportation related decisions that may result in the development of one area at the expense of another.

## Urban/Suburban Congestion

The movement of people and goods and services in urban and suburban areas is reaching a crisis stage. While it is a problem having national implications, congestion is a local concern whether it occurs on county or state roads or on an Interstate highway servicing an urban or suburban area. The Interstates, though constructed to link the nation with a good highway system, have become part of the local road network in many areas with 70 per cent of Interstate traffic now being local in nature. To the highway user it makes little difference who has responsibility for a highway system if that system is congested and not serving the needs of the local public and business community. A revised surface transportation program must consider the new development patterns in suburban counties and the implications of that growth on the ability of citizens to move around with as few constraints as reasonably possible. Such a program must also address the needs of the older urbanized areas which have suffered population decline and may have less ability to pay for improved roads and transit services,

while at the same time having areas within them which are experiencing revitalization and growth and thereby generating severe traffic congestion. Both highways and transit need to be considered as solutions.

There is no question that land use planning must be given a high priority as we devise new solutions and develop new programs to solve our growing congestion problem. We must also acknowledge that congestion contributes to a decline in air quality due to auto emissions and the deterioration of road surfaces and that the protection of our environment is an issue which is linked to future surface transportation policies.

## Rural Access

Good secondary roads and bridges in rural areas that provide access to Interstates and primary roads are key factors to the revitalization of America's rural counties and to the agricultural, logging, mining and tourism industries. However, our nation's rural secondary highways have for the last thirty years received the least attention from the federal government of any system and their condition reflects this low investment level. Additionally, a substantial number of rural bridges are considered deficient and may represent a danger to public safety. This is ironic for it was the rural farm-to-market system which was the initial reason for the federal government involvement in a national highway program.

While basic maintenance has and should continue to be the responsibility of county government, federal funding for construction and rehabilitation of highways and bridges must grow substantially. The design and capacity of many rural highways and bridges are based on traffic needs of the immediate post-World War II period. The number of trucks and other heavy equipment using these roads has been expanding and more important the weights of such vehicles has increased considerably. It is not uncommon to find trucks with a gross weight in excess of 100,000 pounds using rural roads. This increases the rate of deterioration and requires a substantially heavier investment in reconstruction to adequate standards. Railroad abandonment, which must be reversed, has moved goods off the railroads onto trucks. In 1947 there were 214,000 miles of rail roadway which then dropped to 196,000 by 1971 and to 140,000 in 1986.

## A New Surface Transportation Program

The following is a list of categories which would be eligible for funding under the new highway and mass transit program.

### 4-R/Primary Program

This program would provide federal funds to maintain and upgrade the Interstate and primary systems. However, emphasis should be placed on those sections of the Interstate and primary systems where expansion (extra lanes, for example) and rehabilitation will lead to addressing the congestion problem in urban and suburban areas.

### Urban/Suburban Mobility Program

Funding for the urban system program should be increased substantially and be directed at solving congestion and mobility problems, particularly in the larger urban areas and high growth suburban areas. This program should be used to upgrade existing county highways and where appropriate, state highways, in order to relieve traffic on the Interstate system. This program could also be used for building new routes to carry increasing traffic. At the option of local government officials, these funds could be spent on public transit.

States would administer the program in consultation with local government and/or metropolitan planning agencies where appropriate for urbanized areas between 5,000-200,000,

while the funds would be passed-through to counties and other local governments in areas above 200,000 population. NACo considers this pass through to be a key component of the future transportation program. Counties are in an excellent position to understand and undertake surface transportation projects aimed at addressing the mobility concerns of their residents. Larger counties have both the planning and engineering expertise to carry out these projects without direct state highway department involvement. In states where local government has little or no transportation responsibility, funds would be spent by the state with consultation required with local government officials on project selection.

## Rural Access Program

This program would be directed toward the upgrading, through the substantial increase in funding, of what is now known as the secondary road program. It is essential that rural roads be improved so that they can carry the much heavier loads of today's vehicles and so that they can serve as a link to the Interstate system and to various markets for the agricultural, logging, mining, manufacturing, and tourism industries. The high operating costs to these industries associated with poor roads and, in turn, the cost to the economy as a whole makes the condition of rural roads a national responsibility. Economic development in the future will be accelerated or restricted depending on how aggressively our nation upgrades the secondary road system.

This program could continue to be administered by the states with guarantees of strong county input in the allocation, planning, and project selection process. Another option would be for a consortium of rural counties to enter into an agreement which would allow them to receive funds directly from the federal government.

On roads assisted through this program, state design, environmental, and other regulatory standards would be applied. It is an inefficient use of federal funds to apply federal standards to rural roads.

## Bridge Program

The highway bridge replacement and rehabilitation program would remain a separate program. The large backlog of substandard bridges remains at a critical level and a large capital investment is required to rehabilitate and replace these bridges. Counties are responsible for a substantial percentage of both the nations' bridges and those which are classified as either structurally deficient or functionally obsolete. It is important that the percentage of the program dedicated to off-system bridges be increased.

## Public Transit

It is the intent of NACo that the transit program retain its separate identity. Transit will not succeed without a significantly increased federal subsidy, in some cases to initiate a local program and in some cases to operate it. Like the automobile owner, the transit user is entitled to a reasonable subsidy.

More flexibility should be given to recipients of federal transit funds in regard to how they can spend such funds—we should not force systems to use capital money to make investments they do not need when they would prefer to use federal money for operating expenses such as maintenance. We would also like to see transit with a dedicated source of funding such as the federal gas tax. The battles of the last ten years over the level of general fund financing have distorted the funding decisions of that industry.

Small bus and van transit systems are being used increasingly in rural areas, especially by special need groups like senior citizens. Such programs should also be maintained and expanded.

# Financing a New Surface Transportation Program

Financing the new highway and transit program is central to its formulation. NACo supports the following guidelines or principles.

## User Fees

The federal surface transportation program should be user fee based to the extent possible. The source of these user fees should continue to be the gasoline and diesel fuel taxes and the various other vehicle related taxes. All funds generated by these user fees should be dedicated to transportation and not used for deficit reduction. There should not be a turn back to the states of any of the federal gas tax authority.

## Increased Investment

All levels of government should increase funding for surface transportation programs with an emphasis on dedicated sources of revenue.

## Trust Funds

There is a substantial balance in the trust funds—this balance should be spent down and in the future all trust fund revenues and accrued interest should be allocated in a manner that reflects the spirit and original Congressional intent that accompanied the establishment of the trust funds. The spend down for the highway and transit trust funds should proceed along the following schedule:

| HIGHWAY ACCOUNT | TRANSIT ACCOUNT |
|---|---|
| FY 1991 - $2.7 billion | FY 1991 - $2.5 billion |
| FY 1992 - $2.5 billion | FY 1992 - $2.5 billion |
| FY 1993 - $2.5 billion | FY 1993 - $2.0 billion |
| FY 1994 - $3.0 billion | |

## Highway Program

In the new highway program, with the exception of Interstate construction which is eliminated, the baseline for all programs should be no less than currently authorized under the existing highway program:

Bridge - $1.6 billion
Urban/ Suburban Mobility - $750 million
Rural Access - $650 million
Interstate 4-R/Primary - $5.1 billion

The $3.0 billion presently being used for Interstate construction should be reallocated. No less than 50% or $1.5 billion should be allocated to the urban/suburban mobility, rural access, and bridge programs. The new Interstate 4-R/primary program would receive the remaining funds. This process will ensure additional federal funds for local governments.

Any new funds which become available to the highway program, i.e. funds from a trust fund spend down or from new gas tax authority, must be allocated on the following formula: 1/3 to the Interstate 4-R/primary program and 2/3 to the urban/suburban mobility, rural access and bridge programs.

## Public Transit

The national public transit program should no longer be funded from the federal general fund. The current one cent from the federal motor vehicle fuel tax now allocated to the Transit Account in the Highway Trust Fund should be augmented, without adversely affecting current and future highway funds, by a share of a new motor vehicle fuel tax to:

1) replace the current federal general fund assistance, and 2) add funding to assist local governments in the completion, upgrade and operation of our national public transit systems.

### Match Requirements

Local governments cannot be expected to increase their commitment to the federal program without a commensurate increase in the federal commitment. Local governments already match every federal dollar with three local tax dollars. It must be also recognized that financial resources of many county governments are limited by both absence of a tax base and by state imposed limits on their ability to raise and/or impose additional taxes.

### Bond Financing

Tax exempt bond funding should be available for highway and mass transit projects with a minimum number of restrictions.

## Planning/Decisionmaking Process

County support for continuing and increased federal funding in surface transportation depends on a strengthening of the federal-state-local relationship. This is true particularly for the federal-aid highway program which has not had adequate local government input. The vast amount of travel in this country is local in nature and the concerns which NACo believe need to be addressed in the post-Interstate era, i.e., congestion, rural access, and economic development, require solutions which must involve local governments.

The states have traditionally been the focal point for most federal highway funds. It can be stated fairly that fifty different systems of funding and planning exist in terms of what approach states use in the allocation of federal highway funds. New legislation should include local officials as equal partners with state officials in the decisionmaking process. The future federal transportation program should not impose a uniform decisionmaking process on all states. It should, however, recognize the degree to which county road needs exist and that these needs must be addressed in an equitable manner. A process must be created by any new surface transportation legislation to ensure that local government officials are consulted and views considered fully as funding and project selection priorities are established within a state.

## Other Issues

Mandates, safety and research and development/training are other subjects which must seriously be considered in the development of a new surface transportation program.

### Mandates

While certain federal requirements may be appropriate, others simply impose undue burdens on local governments and waste finite resources. There needs to be a differentiation made in imposing design standards at least on lower volume roads, as well as a review of those non-transportation goals which are included in federal surface transportation programs. Federal requirements attached to highway and transit funding should be reviewed and reduced.

### Safety

This concern needs to be factored into a future highway program. Clearly, deteriorating roads, deficient bridges, poor roadway design, and alcohol abuse create a safety problem on the nation's highway system. Another aspect of safety which should be addressed is to what extent the federal government will require local governments to allow large vehicles access to all roads.

## Research and Development/Training

There is an appropriate role for the federal government in this area. The federal government needs to be involved in developing new technologies for both highways and mass transit systems. With no manufacturers of rail cars left in the U.S. and the emergence of new transit technology such as magnetic levitation and linear propulsion systems, it is incumbent on the federal government to take a leading role in research and development in this field. In addition, the federal government should take a leadership role in providing up to date information on new technologies, management approaches, etc. to local government. The T-2 program is a good prototype for such a program.

For further information on the activities of NACo or to obtain copies of this report contact the National Association of Counties, 440 First Street, NW, Washington, DC, 20001. Telephone: (202) 393-6226.

## TRANSPORTATION STEERING COMMITTEE RESOLUTION ON THE FUTURE OF THE FEDERAL SURFACE TRANSPORTATION PROGRAM

**WHEREAS,** the federal surface transportation program will expire on September 30, 1991; and

**WHEREAS,** the Interstate highway system is scheduled to be completed in 1991 thereby freeing up a substantial amount of funds; and

**WHEREAS,** counties own and maintain 1.7 million miles of roads or 43 percent of the total roads in the United States and 219,000 bridges or 45 percent of the bridges in the United States; and

**WHEREAS,** counties own or contribute to the funding of 25 percent of the public transit systems; and

**WHEREAS,** the movement of people, goods and services in urban, suburban and rural areas is vital to the nation's economy and its international competitiveness; and

**WHEREAS,** traffic congestion in suburban and urban areas is reaching a crisis stage; and

**WHEREAS,** smooth flowing, well integrated highways and expanded public transit are the best methods for meeting clean air standards; and

**WHEREAS,** county government will be playing a greatly expanded role in transportation in suburban and urban areas over the next several decades; and

**WHEREAS,** the nation's system of rural roads and bridges, a key factor to the economic vitality of rural areas, is deteriorating at an accelerated rate due to its age, the increasing weights of trucks and farm equipment, and expanding use due to railroad abandonment:

**THEREFORE, BE IT RESOLVED** that the new Surface Transportation Act contain substantially increased funding for programs which provide assistance to county governments that build, own, operate, maintain, fund, or otherwise have responsibilities for highways, bridges and transit systems and a greater role in the decision making/planning function in regard to these funds;

**BE IT FURTHER RESOLVED** that the National Association of Counties endorses the following provisions for inclusion in the new legislation:

1. The highway program should be user fee based.
2. The federal subsidy for public transit should come from the transportation fuel tax.
3. The balance in the trust funds should be spent down quickly.
4. The federal-state-local relationship needs to be strengthened. Counties and cities should be considered as equal partners in the new surface transportation program. Many of the problems which need to be addressed in the future are local in nature. Therefore, a process must be established which ensures that county governments are consulted and treated as equal partners in the planning, funding allocation, and other decision making processes.
5. A program continued to provide federal funds to maintain and upgrade the Interstate and primary systems.
6. A suburban mobility program should be created, replacing the FAUS program, which would be directed at solving congestion and mobility problems in urban and high growth suburban areas. These funds should be passed through to areas in excess of 200,000 population and, at option of local officials, could be spent on mass transit.
7. A rural access program be created which would fund the secondary road system (FAS) at a substantially higher level.
8. The bridge program (HBRRP) retain its separate identity with greater funding and a higher percentage of funds dedicated to off-system bridges.
9. The mass transit program would retain its separate identity, with a dedicated source of revenue.
10. Funding for mass transit should be increased and more flexibility should be given to the recipients of transit funding as to whether funds are spent for operating or capital expenses

11. The funding baseline for all programs, except Interstate construction (which is eliminated), should be no less than currently authorized under the existing highway program.
12. The $3 billion presently going to the Interstate construction program should be reallocated with no less than 50% to the urban/suburban mobility, rural access, and bridge programs and the remainder to the Interstate 4R/primary program.
13. Any new funds for the highway program, whether from a trust fund spend down or new gasoline tax authority, must be allocated 1/3 to the Interstate 4R/primary program and 2/3 to urban/suburban mobility, rural access, and bridge programs.
14. Federal mandates attached to highway and transit funding should be reviewed. Those which impose undue burdens on county government and waste finite resources should be eliminated.
15. Safety concerns need to be factored into a future surface transportation program.
16. The federal government should take a more aggressive role in research and development/training.

# Statement of Associated Builders and Contractors

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Presented by

Bertrand Wilson, Vice President
Barriere Construction Co.

before the

Subcommittee on Surface Transportation

House Public Works and Transportation Committee

April 18, 1991

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**Speaking for the Merit Shop**

729 15th Street, N.W.
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(202) 637-8800

Good morning. My name is Bert Wilson and I am Vice President of Barriere Construction Company, an asphalt paving contractor located in New Orleans, Louisiana. On behalf of the Associated Builders and Contractors (ABC), I appreciate this opportunity to comment on reauthorization of the nation's surface transportation programs.

Associated Builders and Contractors represents over 17,500 contractors, subcontractors, material suppliers and related firms from across the country and from all specialties in the construction industry. Our diverse membership is bound by a shared commitment to the merit shop -- the most efficient construction technique in America. The merit shop philosophy of awarding construction contracts to the lowest responsible bidder, regardless of labor affiliation, through open and competitive bidding, assures taxpayers and consumers the most value for their construction dollar. With 75 percent of construction done today by open shop contractors, ABC is proud to be their voice.

When ABC came before you a little over a year ago the Committee was in the middle of an extensive series of hearings to identify needs and priorities for this important reauthorization. Today, we come before you near the end of the process to respond to the Administration's legislative proposal and to encourage, with less than six months remaining until the September 30 deadline, a timely reauthorization.

The Administration should be commended for its long-standing commitment to improving our nation's transportation infrastructure. Over the past two years, beginning with the National Transportation Policy and now, culminating in forward-looking legislation, H.R. 1351, the Surface Transportation Assistance Act of 1991, the Administration has been open to comments and suggestions from the construction industry. ABC was proud to be part of this policy outreach effort and while not meeting all our recommendations, we are pleased H.R. 1351 incorporated many of our association's proposals.

There are two fundamental issues Congress must focus on during reauthorization: program structure and funding, both of which are intrinsically tied. Acknowledging our current fiscal situation and political climate, it is now more important than ever to have a long-term integrated transportation plan and allocate federal funds accordingly.

**PROGRAM STRUCTURE**

ABC supports the basic program structure of H.R. 1351 which recognizes financial constraints and seeks a unified approach. The five-year plan will allow for coordinated planning and the continuity necessary to meet our transportation needs of the future. ABC supports a strong federal commitment to the National Highway System and believes the two-tiered approach, focusing more federal resources on these roads of national significance will

ensure safe and reliable transportation for our national defense and interstate commerce needs.

Conversely, states will focus on internal transportation issues such as congestion relief, rural access and intermodal links. The increased flexibility of the Urban and Rural Program empowers states to choose how they will improve their condition. The capability of states to prioritize their transportation demands and allocate funding as needed is a basic necessity for transportation efficiency in the future.

The increased emphasis placed on planning in H.R. 1351 and the reliance on Metropolitan Planning Organizations will be invaluable in properly coordinating needs and planning for the future. Governmental partnerships established at every level to investigate transportation alternatives and propose solutions appropriate for specific jurisdictional boundaries will facilitate an integrated and fluid travel system.

ABC applauds the Administration's increased emphasis on innovation and technology. New technology is the investment of the future. For urban areas, where new road construction is extremely difficult, new technology such as the Intelligent Vehicle Highway System will allow for a more efficient movement of people and goods on the existing transportation network. Whether its more durable road surfaces, high speed rail or emergency vehicle control, technological innovations will save money, reduce congestion, reduce pollution and increase safety.

ABC feels strongly that a separately funded bridge program is necessary to address the dangerous condition of our bridge network. With over forty percent of our nation's bridges in substandard condition, personal safety and interstate commerce are significantly compromised. Considering the enormity of the problem, we believe the Administration's effort to establish a priority system for bridge repair is a necessary first step in upgrading our bridge network.

We encourage the Administration to consider continuation of a minimum allocation provision to ensure that states receive at least 85 percent of the money they send to Washington in the form of gas taxes. If more of the surface transportation program is to be the responsibility of the states, we believe the states should receive back a good portion of the money they contributed to the Highway Trust Fund.

**FUNDING**

Where the Administration's bill falls short, unfortunately, is in addressing one of the major problems inherent in the future stability and credibility of the program -- financing. Let's put aside the overall level of funding recommended for the program for

a moment. Until the Highway Trust Fund is made permanent and taken off-budget, the program will not be honest or whole.

ABC firmly believes that revenues raised by user fees and collected in transportation trust funds should be allocated and spent solely for their intended purposes. ABC vehemently opposes the current practice of holding money in the trust fund to mask the size of the federal deficit. While ABC supports deficit reduction, we believe it can and should be achieved through spending restraints in a manner which is equitable to all -- not by diverting dedicated trust fund revenues or by raising the gas tax for non-transportation related purposes.

The 2.5 cents diverted to the general fund last year during budget reconciliation must be returned to the Highway Trust Fund. It is appalling that the trust of the highway user has been continuously violated by the billions of dollars being withheld from urgent infrastructure improvements. To add a direct taking of this nature is the ultimate insult to highway users and dramatically undermines the program.

We applaud this Committee's attempt to regain the 2.5 cents diverted to the general fund and to achieve a spend down in the trust fund. Your recommendations to the House Budget Committee to make the program whole again and increase overall funding for transportation programs acknowledges the desperate need for infrastructure investment in this country.

Recognizing budget agreement constraints, ABC supports a total overall funding level of $23 billion each year for the duration of the reauthorization bill. While H.R. 1351 falls short of this goal, the bill has several positive financial features.

**DAVIS-BACON**

We applaud the Administration for proposing to raise the Davis-Bacon threshold to $250,000. However, we continue to support a minimum Davis-Bacon threshold on federal construction projects of one million dollars.

As you know, the Davis-Bacon Act mandates "prevailing wage" rates be paid on all federal or federally-assisted projects of $2000 or more. The original intent of the act was to protect local workers from itinerant laborers who worked for lower wages. This noble intent has been replaced by an outdated measure hampering competition, disrupting local economies and restricting job opportunities for small businesses.

With immediate needs for highway and bridge construction and repair far outstripping the supply of available funds, reform of the Davis-Bacon statute can provide additional dollars to fund our infrastructure needs.

**INNOVATIVE FINANCING**

The Administration's bill recognizes the importance of involving the private sector in infrastructure investment. The Department of Transportation proposal promotes innovative financing techniques as part of the planning process. The introduction of congestion pricing as a possible tool to reduce urban congestion and resultant pollution is just the innovative approach we need to see.

Additionally, H.R. 1351 permits commingling of private capital and federal-aid funds to develop toll roads and bridges as well as including feasibility requirements and encouraging other non-traditional public-private design, build and operate projects.

Privatization and public-private partnerships are being used more frequently to augment federal, state and local activities -- and they work. These efforts bring the experience, business savvy and financial strength of the private sector to government entities for the benefit of all. ABC believes utilization of innovative financing techniques and funding mechanisms are essential when considering the country's shrinking capital base.

**ALTERNATIVE FUELS**

While ABC endorses the Administration's effort to achieve transportation requirements of the Clean Air Act and supports promotion of alternative fuels, we believe continuation of the current gasohol exemption undermines efforts to invest in our nation's infrastructure.

The current exemption costs the Highway Trust Fund $500 million each year with an additional $200 million diverted from state and local transportation needs. Only time will tell the degree of increased diversion resulting from passage of the Clean Air Act which mandates use of oxygenated and other alternative fuels. Additionally, the Administration's National Energy Strategy, currently working its way through the legislative process, calls for the nationwide use of alternative fuels for fleet vehicles which will impose an additional and significant drain on the Highway Trust Fund.

The gasohol subsidy was originally intended to promote the use of environmentally friendly fuels. Now that Congress has mandated the use of these fuels, we believe a subsidy of this nature is no longer necessary, and at the very minimum the highway program should not bear the brunt of a subsidized alternative fuels program.

**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM**

The Administration's bill continues the Disadvantaged Business

Enterprise Program (DBE) whereby 10 percent of federal-aid highway, highway safety and mass transit program funds are to be awarded to DBE contractors. This stringent 10 percent DBE requirement fails to recognize the need for flexibility and cooperation which we believe Congress had originally intended in its minority provision.

Rather than pursuing set-asides, ABC believes training and mentor programs will enable disadvantaged businesses to compete and win contracts on merit. ABC has focused a large portion of its financial, membership and staff resources on the issue of craft and supervisory training. Most recently, ABC has announced a major effort funded by nine of the nation's largest open shop contractors to develop standardized craft training to more efficiently and effectively train and upgrade the construction workforce. We have long recognized that if the United States is to foster expanded opportunities for all its citizens and maintain its competitiveness, hundreds of thousands of additional highly skilled workers will be needed between now and the year 2000. Training is the only solution.

H.R. 1351 allows a percentage of funds apportioned to the states to be available for highway construction training and funds administration of disadvantaged business proficiency programs. We believe this is a step in the right direction. Taxpayer dollars should be invested in training to help disadvantaged firms and their employees become more skilled at both the craft and management levels. Training is an investment in the future, better equipping DBE firms with the skills necessary to successfully compete in the absence of preferential treatment.

We believe the case for tightening the DBE program is even greater because of this increased assistance and would encourage the inclusion of safeguards such as a sunset provision, size restrictions for eligibility and limits on the number of contracts a DBE can obtain. These safeguards will ensure the program does not perpetuate the firms DBE status.

**SAFETY BONUS PROGRAM**

ABC adamantly opposes the use of highway funding sanctions to force state compliance with safety or environmental goals. Reducing highway fatalities through safety belt usage, motorcycle safety or alcohol awareness programs should be a top priority for every state. However, our infrastructure needs are far too immense to be held hostage to penalize states for inaction. The Administration's bill proposes a safety bonus program which rewards states for achieving highway safety goals. In addition, 10 percent of total highway funding apportioned to the states must be spent on projects which have safety benefits. We believe this is a more positive approach and will encourage states to act swiftly to meet their highway safety goals.

**CONSTRUCTION**

ABC believes federal construction contracts must be awarded to the lowest responsible bidder. It is the government's responsibility to taxpayers to obtain the lowest possible price in the procurement process through unrestricted competition. ABC supports the sealed bid method of government contracting over negotiated procurement as being simpler to administer, creating more competition, being less subject to fraud and abuse and generally insuring a higher quality product.

H.R. 1351 eliminates regulations prohibiting state transportation or highway departments from incorporating warranty or guarantee provisions into federal-aid construction contracts. We believe an additional layer of requirements are unnecessary and will be costly for government to administer. In addition, we are very concerned about the potential for inclusion and enforcement to be applied subjectively. Currently, contractors are not fully paid until they have met all requirements and specifications in their contracts. In addition, pursuant to the Miller Act, contractors on federal projects are required to be bonded -- guaranteeing the government satisfactory project completion.

**WETLANDS**

As many of you have noticed, regulatory attempts to coordinate a wetlands management program have done little to help formulate one clear policy. New development as well as improvements to roads, bridges and transit systems will increasingly fall prey to the current confusing and impractical wetlands regulations. A comprehensive wetlands management initiative is necessary to clarify, consolidate and improve upon current law.

H.R. 1351 recognizes the current wetlands dilemma and establishes eligibility of federal funds to create wetland banks or contribute to statewide programs which create, conserve or enhance wetland areas. While this bill is not the vehicle for change, we will urge the Water Resources Subcommittee to consider the effects of wetlands regulations on transportation.

In brief, ABC supports a fair and balanced approach to classifying wetlands which takes into consideration environmental benefits and economic security. Recognizing all wetland areas are not equal, ABC recommends a priority ranking system to be instituted to classify wetland areas and appropriate use. In addition, ABC supports mitigation efforts to protect and compensate for the loss and degradation of wetland functions and values.

We are at a critical juncture in the history of our nation and the history of our nation's transportation system. We must have the best, most efficient transportation network in the world if we are to compete in an increasingly global economy. If we do not act

now to rebuild our nation's foundation, America cannot expect to be the world leader in the year 2000.

I have made several recommendations I believe will stretch our declining resources and which I urge the Committee to consider carefully. Most importantly, however, we need a bill signed by the President by September 30, 1991. The enormous task of rebuilding the nation's transportation infrastructure cannot afford to be delayed.

On behalf of the Associated Builders and Contractors, I again want to thank Chairman Mineta and the Subcommittee on Surface Transportation for the opportunity to be here today. I will be happy to answer any questions you may have.

ADDITIONS TO THE RECORD

**Testimony of**

**American Motorcyclist Association**

**before the**

**Surface Transportation Subcommittee**

**regarding the**

**Reauthorization of the Federal Surface Transportation Program**

April 18, 1991

**Preface**

The American Motorcyclist Association, which represents over 200,000 motorcyclists nationwide, appreciates this opportunity to comment on the reauthorization of the Federal Highway Program and related policy matters.

The AMA urges Congress to pass a five-year measure reauthorizing the Federal Highway Program before its expiration September 30, 1991.

We believe it is essential for Congress to realize the positive benefits motorcycles offer to the current traffic mix on our nation's highways and roadways. Therefore, we encourage Congress to reject any amendments to the Surface Transportation Assistance Act which would have the effect of discouraging persons from operating a motorcycle.

Over 6 million Americans own and operate motorcycles on public highways. It is our desire to see that their concerns and interests are heard by Congress during the ensuing legislation.

**Issues**

Mandatory Helmet Requirements

The AMA opposes Congressman Cooper's H.R. 1782, which he proposes to include in the reauthorization act for federal highways. While AMA recognizes the accepted safety benefits of helmet usage, we nonetheless continue to oppose the imposition of compulsory requirements for adult cyclists. (Position paper attached)

We specifically take issue with Rep. Cooper's assertion that governmental intrusion is a "myth." Motorcyclists are no less citizens than those whom Rep. Cooper seeks to protect from "unnecessary" medical bills and pay their fair share of taxes. All we

are asking is to remain unencumbered by unnecessary governmental intrusion into our personal activities.

We further believe that, while Rep. Cooper's bill initially provides incentives, and thereafter directs states to earmark highway dollars for certain safety programs, the effect of this language is pernicious because of the known shortage of funding for highway construction. In effect, a federal incentive program will result in a defacto helmet law in a given state because of the shortage of highway funding available to states.

Currently, 23 states have full mandatory helmet laws in place for riders of all ages. Another 24 states have partial helmet laws for minor operators and passengers, and three states have no helmet law whatsoever. It is important to note that AMA does not oppose partial helmet laws for minors only. We believe that states should have jurisdiction over the welfare of its younger citizens who may lack the experience and judgement necessary to make an informed decision regarding helmet use. However, once a person reaches the age of majority, it is our fundamental belief that the decision belongs solely to the individual.

Further, AMA remains unconvinced that the so-called studies typically used by proponents of compulsory helmet laws are, in fact, accurate. There remains much scrutiny to be applied to any study which would single out any group of motorists for punitive action. Our research indicates that motorcyclists, helmeted or not, are no greater "burden" on the health care system than non-cyclists and perhaps are more likely to have adequate insurance than many motorists.

The good news is that motorcycle accidents, injuries and fatalities have plunged dramatically over the past decade. Since 1980 motorcycle related fatalities have dropped 39 percent. Perhaps not coincidentally, during this same period, motorcycle rider education became widespread and popularized riding safely. Motorcyclists have

willingly paid for these programs by agreeing to additional state licensing fees on motorcycles.

Finally, AMA believes that this controversial issue should be decided at the state level without any encouragement or coercion from Congress. Given the choice between more highway funds, or less, it becomes obvious which the state will select. In short, the mandatory helmet provisions of H.R. 1782 have no place in the Highway Reauthorization Act.

Highway Safety

AMA supports the continued designation of motorcycle safety as a "national priority," thereby making motorcycle safety programs eligible for federal Section 402 State and Community grant funding. We believe programs which have been funded with Section 402 money have been highly successful in helping reduce the accident and fatality toll from motorcycle related crashes.

There are many innovative programs states can initiate with 402 funds if they continue to be available. Motorist awareness campaigns, special emphasis on licensing and training, and general information about motorcycling should receive adequate federal funding.

National Recreational Trails Fund

The AMA fully supports the provisions of H.R. 1155 and its Senate companion S. 400, the National Recreational Trails Fund Act of 1991.

This legislation represents a unique opportunity for all outdoor recreationists to share in the enjoyment of our public lands. Not only will user fees from the federal gas tax be allocated for motorized trail construction, but a significant portion of the funds collected through the Highway Trust Fund will be dedicated to enhancing and

preserving non-motorized trails as well. This concept, we believe, is consistent with the multiple use policy which has traditionally governed our public lands. Fuel taxes, paid in the form of "use fees" should continue to accrue and be allocated for purposes relevant to those who generate them. H.R. 1155, if approved as part of the reauthorization of federal highways, would allocate gas tax revenues derived from trail related motorized activities to the construction and maintenance of trails rather than pavement. The National Recreational Trails Trust Fund would be established to allocate funds for this purpose. At one half of one percent (.005), of annual Highway Trust Fund receipts, an estimated $75 million would be generated annually. The program would be administered through the Department of Interior in cooperation with state and local government which would ultimately receive and spend the grant money.

AMA believes this to be a legitimate use of Highway Trust Fund tax receipts since off-highway vehicles generate this money. However, not just motorized interests will benefit, but other non-motorized trail users as well.

In today's adverse economic climate, states must look to tourism and recreation to supplant lost revenue from other sectors. This bill will enable states to construct and maintain recreational trails which are traditional sources of tourist attraction.

AMA commends Rep. Petri and Sen. Symms for introducing H.R.1155/S.400 and urges its inclusion in the forthcoming Highway Reauthorization Act.

Scenic Byways

AMA supports the inclusion of a scenic byways program in the Surface Transportation Assistance Act. It is clear from recent research that Americans relish their recreational roads and motorcyclists are no exception. Therefore, as a member of the American Recreation Coalition, AMA also recommends:

- the establishment within FHWA of a permanent office to coordinate state and local scenic byways efforts.
- the creation of a National Scenic and Historic Byways Advisory Commission
- an FHWA administered program to coordinate and assist states in designating and enhancing scenic and historic routes as well as improve the convenient and safe use of these highways and byways
- using federal aid funding to accomplish the above goals.

This program will benefit all motorists, but motorcyclists are particularly well suited to enjoy improved scenic byways.

**Conclusion**

In summary, it is fair to say that no one is more concerned about the future and safety of motorcyclists than AMA. We will continue to stress our agenda at every opportunity, and we are therefore thankful for your attention to our suggestions for the formulation of the reauthorization of the Surface Transportation Assistance Act.

# AMA GOVERNMENT RELATIONS POSITION

AMERICAN MOTORCYCLIST ASSOCIATION

**TOPIC:**

**MANDATORY HELMET LAWS: An Issue Of Individual Choice**

**POSITION:**

The American Motorcyclist Association has always encouraged the use of helmets, gloves, sturdy footwear, and protective garments in general, as part of a comprehensive motorcycle safety program to help reduce injuries and fatalities in the event of a motorcycle accident.

The Association will not oppose laws requiring helmets for minor motorcycle riders and passengers. It believes that many young motorcyclists and passengers may lack the maturity to make an informed decision regarding the use of motorcycle helmets. It is, therefore, appropriate to require the use of safety helmets for minors.

Although the Association strongly encourages helmet use by all motorcyclists, it maintains a long-standing fundamental belief that adults should continue to have the right to voluntarily decide when to wear a helmet.

The Association further believes that helmet use alone is insufficient to ensure a motorcyclist's safety. There is a broad range of other measures that can be implemented to improve the skill of motorcycle operators as well as reduce the frequency of situations where other vehicle operators are the cause of accidents involving motorcycles.

**DISCUSSION:**

The AMA has traditionally supported the right of adults to choose whether to wear a helmet. Our position has remained unchanged since the 1966 inception of mandatory helmet laws across the nation. Even though our members are strongly encouraged to wear helmets, we believe the choice clearly should remain with the individual.

To better understand the Association's position on helmet laws, it is first necessary to make a distinction between the use of helmets and mandatory helmet laws. Some members of society tend to view the helmet only as a mechanical safety device in the same category as seatbelts. What they fail to realize is that it is viewed by motorcyclists as an accessory of personal apparel connected with their chosen lifestyle and their right as adults to make their own decisions. Unlike seatbelts, helmets do not come "standard" with motorcycles and represent a separate purchase. Helmet laws, on the other hand, are a manifestation of society's belief that its members lack the wisdom to make decisions about personal safety and must therefore be subjected to arbitrary laws. This is a concept we must reject.

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The injuries from which a helmet may protect a rider do not occur until after an accident. A mandatory helmet law does nothing to prevent an accident from occurring. The AMA has been a strong advocate of motorcycle rider education, improved licensing and testing and increased public awareness; all proven preventative measures that actually reduce accidents and improve safe operation. These statistically viable programs did not exist 20 years ago, and there is some evidence that exclusive focus on helmet laws, while ignoring the benefits of these programs, has been detrimental to the advancement of a comprehensive approach to motorcycle safety.

It is possible that the political realities of the legislative process may actually prevent the implementation of other motorcycle safety initiatives in the presence of mandatory helmet laws. Only nine helmet law states have passed rider education legislation, while 20 "free choice" states have adopted comprehensive rider education programs. For example, only after a decade-long debate on helmet use did Florida finally adopt a rider education program in 1987. Motorcycle rider training bills were continuously postponed while helmet law proposals dominated that legislature's attention.

It is suggested by some that permitting mature adults to make their own decisions on helmet use creates an excessive burden for society as a result of healthcare costs incurred by helmetless riders. However, when the costs of motorcycle related injuries are examined in the context of the total social healthcare picture, the figures are not unusually startling.

According to the National Highway Traffic Safety Administration, Americans spent $4.1 billion on all motor vehicle accident related medical expenses in 1986. This compares with $425 billion for total U.S. healthcare costs (1987 Statistical Abstract of the U.S.*), indicating motor vehicle accidents account for less than 1 percent of our nation's annual healthcare costs. The Motorcycle Industry Council, in its 1988 Motorcycle Statistical Annual, estimates that there are approximately 7.5 million motorcyclists who constitute roughly 4 percent of a total driving population of 180 million licensed drivers. If it is assumed that motorcyclists account for as many as 10 percent of all accident related medical expenses (which could be argued as excessive) then all motorcycle accidents represent less than one-tenth of 1 percent of all medical expenses in a given year. This figure would be further reduced if it were possible to determine what percentage of those expenses were incurred by helmeted vs. non-helmeted riders.

Realistically, motorcyclists are certainly not the only group of persons who might create a social burden as a result of individual decisions. We are a society of risk takers and even by avoiding the "extremes," mountain climbers, bicyclists, skiers, cowboys, and joggers could be placed in a similar category. Despite these "burdens,"

(over)

we don't see aggressive legislative action designed to limit society's exposure to these costs nor would such legislation be appropriate. We have long ago decided as a civilized society to balance individual freedoms with necessary social costs.

The value of a helmet is neither enhanced nor diminished by the presence or absence of a mandatory helmet law. We believe that the same principle applies to mandating personal safety, whether it be for motorcycling, skiing or some other risk-related activity. We must rely on individuals and society to provide the education and the experience to aid us in making decisions that are right for us. Ultimately, society cannot be expected to make individual decisions; we must be free to make them ourselves.

*Reflects 1985 data

Revised 5/89

Respectfully,

Georgia Flinn

GEORGIA FLINN

812-867-7515

encl: Written testimony on the Proposed Indianapolis to Evansville, Indiana, highway. (3 copies)

Indiana: Proposed Indianapolis to Evansville Highway
Phillip Foster, CARR Testimony April 30, 1991 1

My name is Phillip Foster. I am a resident of Indiana and a representative from an informal organization called Citizens for Appropriate Rural Roads (CARR).

I am here to discuss funding for development and construction of the proposed highway from Indianapolis, Indiana to Evansville, Indiana. It should be noted that the proposed highwa, does not actually begin in Indianapolis, but in fact originates in Bloomington, which is not depicted in Exhibit A.

The following concerns will be addressed:

1. Prior economic feasibility studies have recommended that this highway not be constructed.

and 2. If constructed, it will have a negative impact on many environmental issues.

CARR is opposed to construction of this highway. Based upon the federally funded Donohue Study regarding the highway, there is only about a 13 mile difference between traveling existing 4-lane highways from Evansville to Indianapolis and the proposed route. Using the current estimates, to save that 13 miles between Evansville and Indianapolis will cost taxpayers about one billion dollars.

Proponents of the highway claim there will be great "economic benefit to Southwestern Indiana". However, it should be noted that none of the independent studies completed have recommended the building of this highway. The Donahue Study states in part that "Based on the results of the cost and benefit evaluation, construction is not recommended for any of the three proposed routes". (Exhibit B)

encl (1)

Also, according to a U.S. Department of Transportation letter, the Federal Highway Administration submitted a report to Congress in July 1990 concluding that, "Based on an analysis of direct highway benefits and the likely indirect benefits of economic development, the proposed highway is at best marginal from a cost effectiveness standpoint." (Exhibit C)

In March of this year, Jim Newland, transportation advisor to Governor Bayh, stated that "the infrastructure of this country is in trouble. It's old, inadequate and worn out. That it may be difficult to make a case for new highway construction". Mr. Newland also noted that there have been 7 feasibility studies (on this highway) and "these studies indicate that the project cannot be justified from an economic standpoint". (Exhibit D)

The proposed highway route is being studied in 3 segments. The total required funding and a complete environmental study will not be provided for the entire route before commencing construction. Only one segment at a time will be fully studied and funded. What happens if the last two segments are found to have an unacceptable environmental impact and/or the additional funds are not appropriated? Then we could end up with a super highway from Bloomington to Newberry. Newberry's population is approximately 200 people.

The two most serious environmental problems in the country, according to Environmental Scientists, are Habitat destruction and forest fragmentation. The Donohue Study states: Of all the proposed alternatives, one of the most environmentally sensitive

areas occurs on the corridor between Bloomington and Newberry. The combined presence of forest, unique geological features, and threatened and endangered species heighten the sensitivity of this area to potential damage.

The corridor from Newberry to Evansville is one of the areas that holds the greatest potential for impact to agricultural land.

Approximately 4,000 acres of wetlands occur along the proposed corridor from Newberry to I-64. Potential impacts to these wetland areas include changes in water quality and drainage. The U.S. Fish and Wildlife Service is starting its fourth year of restoring drained wetlands in Indiana. Indiana's wetlands have been reduced by drainage and development such that now only a little over 10% of the original area remains. (Exhibit E)

Now only 19 % of Indiana's original forested ground remains and that is primarily concentrated in Southwestern Indiana. The corridor from Bloomington to Newberry would severely impact our remaining forested land. (Exhibit F)

The Karst topography that occurs in Southwestern Indiana is considered to be of global significance. Several private environmental groups as well as state and federal agencies have worked for years to protect this region. The corridor between Bloomington and Newberry would cross significant stretches of the Karst topography including caves, springs, and sinkholes. (Exhibit G)

According to the Donahue Study, the majority of protected species listed by the Indiana Division of Nature Preserves and the Department of Natural Resources as potentially impacted by the proposed highway occur throughout the entire route.

CARR requests that no funds be appropriated for the engineering design of the Bloomington to Newberry segment and no funds be appropriated to do additional studies, as all previous studies have recommended that this highway not be built.

Under no condition should any design monies be allocated until an Environmental Impact Statement has been completed for the entire route.

EXHIBITS

Exhibit A: Proposed Routes and Relationships to Present Highway System.

Exhibit B: Donohue Study: Net Present Value of Highway Benefits. Conclusion and Recommendations.

Exhibit C: Letter from U. S. Department of Transportation dated 11 March 1991

Exhibit D: Newspaper Article: Statements of Governor Bayh's Transportation Advisor

Exhibit E: Newspaper Article - Wetland Impacts

Exhibit F: Donohue Study - Forest Impacts

Exhibit G: Karst Topography Impacts

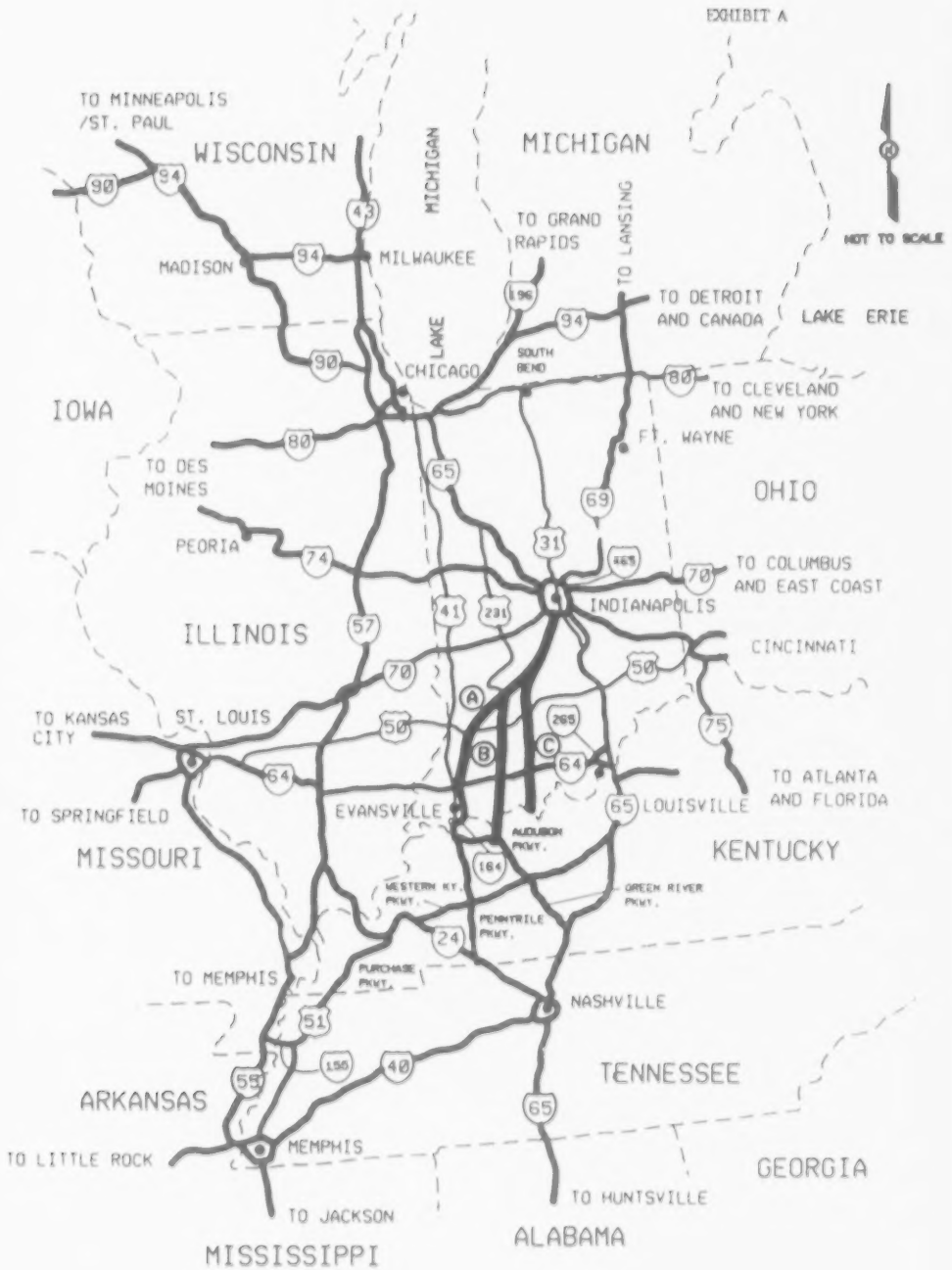



Figure 4.4 Relationship to National Highway System



Donohue & Assoc., 1990

EXHIBIT B

# MAJOR CONCLUSIONS OF THE SOUTHWEST INDIANA HIGHWAY FEASIBILITY STUDY

February 1990

Prepared For
Indiana Department of Transportation

In Cooperation With
The U.S. Department of Transportation
Federal Highway Administration

By
Donohue & Assoc., Inc.
Cambridge Systematics, Inc.
Congdon Engineering Assoc., Inc.

## Conclusions

In conclusion, none of the routes analyzed in this study are recommended for construction solely on an economic feasibility basis. This recommendation is based on the following:

- Low benefit/cost ratios were found for the range of alternative assumptions used in the sensitivity analysis, considered as a whole. Given these results, it is inappropriate to focus solely on the ratio resulting from the most optimistic set of assumptions, when under several other sets of assumptions the ratio is well below 1.00.

  There is inherent uncertainty in any long-range economic forecasting process. The benefit/cost ratios developed in this study include employment and income benefits based on such forecasts. It is difficult to establish a specific benefit/cost ratio which determines economic feasibility. However, Cambridge Systematics' experience in other states has shown that projects with benefit/cost ratios in excess of 1.5 have been given priority funding. While this ratio has not been sanctioned officially by any state or organization, it has been found in our experience to represent a reasonable lower bound for project selection.

  Funding would require creation of a multi-county authority and commitment of considerable local dollars for a long time period. This would assume that the highway is the highest priority for each of the counties along the route and that each county government is willing to devote significant revenue sources to the project for about 30 years. There is no such precedent of this type in the area. If undertaken, this project would be the most costly highway built in the State of Indiana since development of the interstate system.

## Recommendations

**Based on the results of the benefit/cost evaluation, construction was not recommended for any of the four alternatives.** While the A/Freeway alternative does have a benefit/cost ratio greater than one under certain assumptions, it does not merit recommendation for construction given the magnitude of the ratio and the uncertainty involved in long-range economic analyses. Economic evaluations for many highway projects in other states have resulted in benefit/cost ratios ranging from 1.5 to 5.0. This suggests that there may be other projects both inside and outside Southwest Indiana that would represent better investments.

The five small segments within the three study corridors with potential to provide economic and transportation benefits to the region should be considered for further study.

pp. 11 + 12

EXHIBIT B

TABLE 10.7

NET PRESENT VALUE OF BENEFITS
1989 $ Millions

| | User and Regional Economic Benefits/Cost[1] | | | | User Benefits/Costs[1,2] | |
|---|---|---|---|---|---|---|
| | 5% Discount Rate | | 10% Discount Rate | | 5% Discount Rate | 10% Discount Rate |
| Route | Optimistic | Realistic | Optimistic | Realistic | | |
| A/Freeway | $323 | $139 | $ -35 | $ -91 | $-154 | $-183 |
| A/Modified | 40 | -47 | -91 | -118 | -210 | -169 |
| B | -28 | -95 | -140 | -161 | -230 | -203 |
| C | 36 | -6 | -35 | -48 | -100 | -76 |

1 Costs include right-of-way and construction costs, and do not include maintenance and environmental mitigation costs.

2 User benefits include the travel time, operating costs and safety benefits for cars and trucks. Benefits are not identical to those in Chapters 2 and 3, where the value of some truck benefits were accounted for under "regional economic" benefits.

TABLE 10.6

BENEFIT/COST RATIOS

| Route | User and Regional Economic Benefits/Cost[1] | | | | User Benefits/Costs[1,2] | |
|---|---|---|---|---|---|---|
| | 5% Discount Rate | | 10% Discount Rate | | 5% Discount Rate | 10% Discount Rate |
| | Optimistic | Realistic | Optimistic | Realistic | | |
| A/Freeway | 1.54 | 1.23 | 0.89 | 0.72 | 0.74 | 0.44 |
| A/Modified | 1.09 | 0.90 | 0.64 | 0.54 | 0.55 | 0.34 |
| B | 0.95 | 0.82 | 0.54 | 0.47 | 0.56 | 0.33 |
| C | 1.17 | 0.97 | 0.70 | 0.59 | 0.54 | 0.34 |

NOTE: Refer to Tables C.3 and C.4 in Appendix D for discounted benfit and cost data.

1 Costs include right-of-way and construction costs, and do not include maintenance and environmental mitigation costs.

2 User benefits include the travel time, operating costs and safety benefits for cars and trucks. Benefits are not identical to those in Chapters 6 and 7, where the value of some truck benefits were accounted for under "regional economic" benefits.

EXHIBIT C

U.S. Department
of Transportation
Federal Highway
Administration

400 Seventh St., S.W.
Washington, D.C. 20590

MAR 11

Refer to: HPD-1

Mr. Thomas R. Tokarski
Member, Citizens for
Appropriate Rural Roads
P.O. Box 54
Stanford, Indiana 47463

Dear Mr. Tokarski:

Thank you for your February 15 letter to Secretary of Transportation Samuel K. Skinner concerning the proposed Indianapolis-to-Evansville highway. You explained your reasons for objecting to the proposal. We have been asked to answer your letter.

We are aware of the feasibility studies you mentioned. At the request of Congress, we conducted the most recent one, which you referred to as the Donohue Study. We worked with the Indiana Department of Transportation (IDOT) to evaluate the feasibility of the route and the potential economic, industrial, recreational, and community development benefits that might result. We submitted our report to Congress on July 19, 1990, concluding that, **"Based on [an] analysis of direct highway benefits and the likely indirect benefits of economic development, the proposed highway is at best marginal from a cost-effectiveness standpoint."**

We do not select projects, or tell the States which projects to fund. Instead, we make Federal-aid highway funds available to the State highway agencies each year by statutory formula to help in their highway construction and improvement programs. State highway officials are responsible for project selection and development within funding limits. The IDOT, therefore, has the sole authority to select projects for use of formula Federal-aid highway funds. Our role, when the IDOT decides to use Federal-aid funds, is to review the State's work to make sure it meets Federal requirements and supports the State's decision on the best alternative for each project.

The IDOT initiated preliminary studies of the proposed highway, which will be conducted in accordance with Federal requirements. The many environmental and related laws, regulations, and policies will be followed, including the National Environmental Policy Act of 1969. It requires preparation of an environmental impact statement when a federally assisted undertaking will cause significant impacts. The FHWA will provide technical assistance and grants approvals at key stages of project development.

EXHIBIT C
(cont.)



The IDOT chose consultants to study the route in three phases (Bloomington to Newberry, Newberry to Petersburg, and Petersburg to I-64). The consultants are planning multiple opportunities for public involvement. An initial informational meeting on December 10, 1990, attracted about 300 people. More recently, public information meetings were held on March 6 in Washington and on March 7 in Evansville.

I suggest that Citizens for Appropriate Rural Roads express its concerns to the IDOT and participate in the public involvement process. That way, you can be certain your views, and those of the organization will be heard. You will also have the opportunity to review and comment on the material released by the IDOT during the environmental review stage. The IDOT's address is State Office Building, Room 1101, 100 North Senate Avenue, Indianapolis, Indiana 46204. I cannot predict the outcome, but I can assure you that your concerns, and those of others who comment, will be considered.

I appreciate your taking the time to let us know your views on the proposed highway project. I will provide a copy of this correspondence to our Division Administrator in Indianapolis, Mr. Arthur A. Fendrick, so he will be aware of your concerns. He will provide a copy to IDOT officials as well.

Sincerely yours,

Eugene W. Cleckley, Chief
Environmental Operations Division

EXHIBIT D

# Newland says highway opponents being heard

Jim Newland, transportation advisor to Governor Evan Bayh, said communities, businesses, and individuals who favor construction of a new Evansville-to-Indianapolis highway may lose out early in the process unless they become more vocal.

Newland, speaking to the Odon Business and Professional Association at their dinner meeting last week, said this project will be competing with other infrastructure needs for the available federal dollars and suggested that the support of the entire Indiana Congressional delegation will be needed to fund the project.

Newland said "We must recognize the fact that the infrastructure of this country is in trouble. It's old, inadequate and worn out. It may be difficult to make a case for new highway construction." Newland told the business group that Congressman Lee Hamilton favors the new north-south route but recently noted that the comments he is hearing are generally negative.

"Construction of this road would have a disruptive effect on many in its path and we are also hearing objections from environmental groups, particularly from the Bloomington area" he said. "I'm afraid those who favor the project are not exerting the kind of influence necessary to get the job done."

Mr. Newland, a native of Daviess County, said the Hudson Institute, an Indianapolis-based study organization, feels that the economy of Southern Indiana will "explode significantly" if the highway is built. But he also noted that there have been at least seven feasibility studies and these reports indicate that the project cannot be justified from an economic standpoint. "The federal government pays the bill and sets strict guidelines. These guidelines require proof that the project can be justified by economic growth."

Mr. Newland said individuals, businesses and communities who support the new highway should organize to present the positive aspects of the proposal to Indiana's congressmen and senators.

ODON JOURNAL, ODON INDIANA, 18 March 1991

EXHIBIT E

Evening World Bloomfield, Indiana Wednesday, March 27, 1991

## Wetlands serve valuable purposes

# Wetlands program in its 4th year

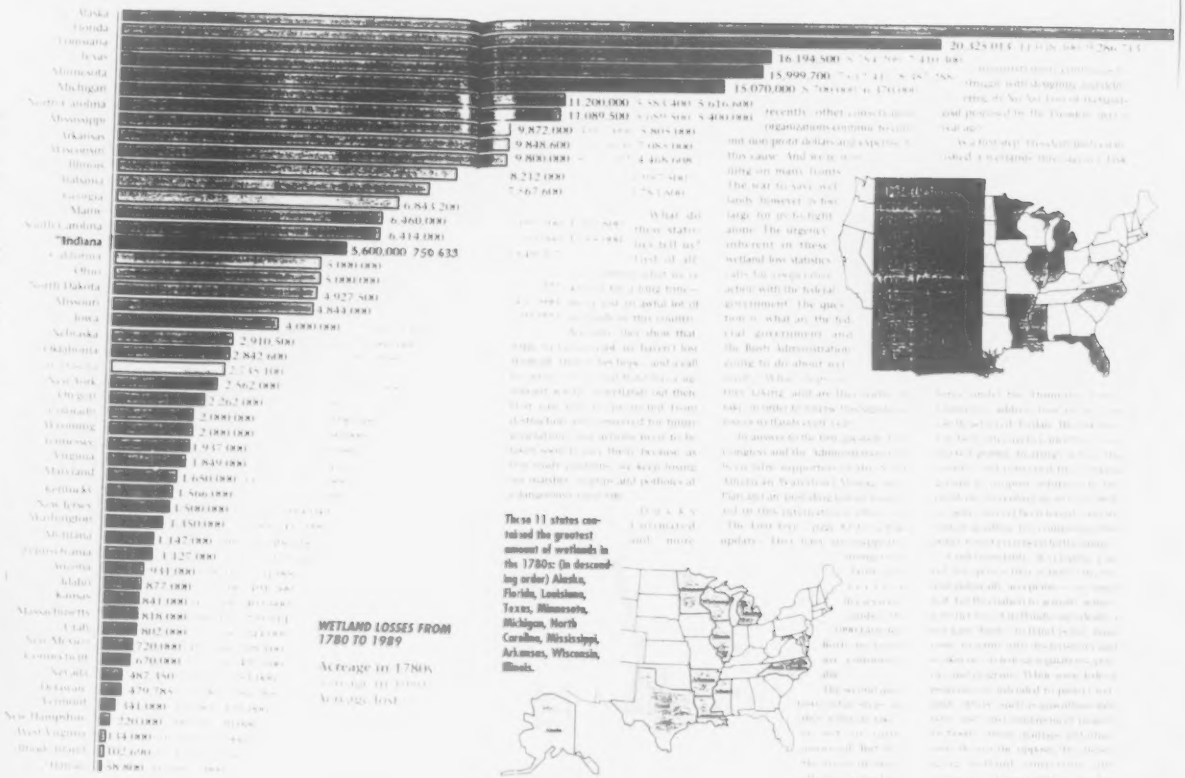
The U.S. Fish and Wildlife Service is starting its fourth year of restoring drained wetlands in Indiana. Through the Service's Wetland Restoration Program, wetlands that have been drained in the past can be restored to attractive and productive wildlife habitat at no cost to the landowner. Most sites that have been drained by a tile or a ditch, and that the landowner wants to restore to wetland, will qualify for the program. The restoration usually involves placing a water control structure on a drainage tile or constructing a small dam in a drainage ditch. The U.S. Fish and Wildlife Service funds 100 percent of the restoration cost, and, in return, the landowner must agree to protect the wetland for a minimum of 10 years.

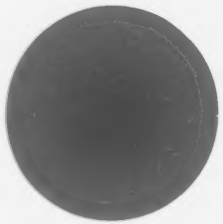
Indiana's wetland resources, once totalling over 5½ million acres, have been reduced by drainage and development to such an extent that only 750,000 acres remain. Drained wetlands, however, can be restored. Restoration of these areas, now often marginal as farmland, will play an important role in improving the quality of the natural environment in Indiana. Wetlands are valuable in controlling flooding, recharging groundwater, purifying ground and surface waters, and providing wildlife habitat.

The Wetland Restoration Program has restored 7,000 wetlands across the midwest and over 300 wetlands in Indiana. Those who would like to find out more about this program can contact the U.S. Fish and Wildlife Service at 718 North Walnut Street, Bloomington, IN 47404, telephone (812) 334-4261.

# CONSERVATION

## A GRAPHIC LOSS



**WETLAND LOSSES FROM 1780 TO 1989**

Acreage in 1780s

Acreage lost

These 11 states contained the greatest amount of wetlands in the 1780s: (in descending order) Alaska, Florida, Louisiana, Texas, Minnesota, Michigan, North Carolina, Mississippi, Arkansas, Wisconsin, Illinois.

their role in maintaining water quantity and quality as well as the opportunities they provide for environmental education and recreation. Many existing and proposed nature preserves and wildlife refuges occur in the vicinity of river crossings of all three alignments including Buckskin and Elberfield Bottoms and the proposed Patoka National Wildlife Refuge in Corridor A. The Fish and Wildlife Service was consulted for their alignment preference through the proposed Patoka National Wildlife Refuge along Alternative A. Hunley Creek Bottoms, Huntington Lake, and Buffalo Flat occur near Corridor B, although the corridor shown for this report would avoid these areas. The Lost River watershed along Corridor C has been proposed as a National Monument by various scientific and public groups and is under study for nomination.

Other wetland types sensitive to highway impacts include the numerous sinkhole ponds associated with karst features along Corridors AB and C and coal ponds along Corridors A and B. Potential impacts to these wetland types such as change in water quality and drainage would also require evaluation in the EIS phase and will be more thoroughly addressed in the Unique Geology and Mineral Resource sections later in this chapter.

Both Corridors A and B include over a dozen river and stream crossings (Table 12.2) where bridge construction and replacement could cause damage to water quality and wetland habitat, and protected species. The state and federally endangered Bald Eagle has been sighted along the Patoka and White Rivers in the vicinity of highway crossings. Mussel beds and the rare fish, the Eastern Sand Darter may also occur in the White River crossings of both Corridors A and B.

**Forested Lands**

In pre-settlement times, Indiana was covered by 85 percent forest. The 19 percent that remains today is primarily concentrated in Southwest Indiana. Corridors C and AB would be most impacted by forest removal. It is estimated that highway construction on new terrain through these routes could remove respectively about 450 and 400 acres of forest land with associated impacts to the timber industry and plant and animal habitat (Table 12.2). Impacts to the timber industry include destruction of public and private managed forest, reduction in the quality of contiguous timber stands by highway fragmentation, and potential damage or destruction of trees caused by highway runoff and changes in drainage patterns.

The impact of forest fragmentation on plant and animal habitat represents another serious environmental concern. Remaining forest land in Southwest Indiana provides refuge to over 30 species of threatened and endangered plants and animals, many of which require large unbroken tracts of forest for their survival. Highway construction could destroy or degrade critical habitat, interfere with animal movements, and potentially impact dozens of species on the borderline of becoming threatened or endangered should any significant reduction of their habitat occur. Included among these are over twenty species of warblers that nest in forest interiors. The reproductive potential of these birds may be

and if distrubed could impact wells, ponds, lakes and streams by acid and toxic runoff. Such potential impacts to water quality would require evaluation in the EIS prior to highway construction.

Coal maps provided by the U.S.G.S. are included in the materials accompanying this final report for use in the detailed highway design through these areas. The wetlands inventory maps (mentioned in the Wetlands section of this chapter) are also useful in identifying coal ponds.

Limestone is another important mineral resource in this area. Salem limestone is quarried from areas in the AB and C Corridors. It is possible that new roadway construction in these corridors could impact this resource.

Unique Geological Features

The term karst topography refers to landscape features which form as a result of the subsurface diversion and solution of surface water to underground routes where they erode and dissolve the bedrock into unique geological features such as caves, sinkholes, underground springs, rising and disappearing rivers.

Karst topography occurs along approximately 2,000 square miles of Mississippian limestone outcrop in Southwest Indiana (Figure 1.2) and is considered to be of global significance by geologists as a classic example of well developed karst features. Several environmental groups have worked to protect this region over the years including the Indiana Karst Conservancy, the Lost River Conservation Task Force, the Nature Conservancy, the Hoosier Environmental Council as well as state and federal agencies.

Significant stretches of each of the alternatives occur on karst topography on new alignment. National landmarks, nature preserves, numerous caves and other karst features, and unique habitat for rare species occur particularily within the corridor of Alternatives AB and C.

The biology of the karst region is also unusual, as the subterranean environment provides habitat for a variety of specialized species such as albino fish and crustaceans. Many of these are state and/or federally listed threatened or endangered species, such as the northern cavefish (Amblyopsis spelaea). In addition, caves provide reproductive and wintering habitat for three protected species of bats including the state and federally endangered Indiana bat (Myotis sodalis).

Of particular interest within Corridor C is the Lost River watershed which has been proposed as a National Monument by the Lost River Conservation Task Force of the National Speleological Society and currently is under study by the National Forest Service for nomination into the National Wild and Scenic Rivers program. This region occupies approximately 355 square miles in sections of Dubois, Lawrence, Orange, Martin, and Washington Counties. The Lost River flows as a conventional river for nearly three-fourths of its 78-mile course, then disappears underground leaving a dry river bed from which flood waters often resurge unpredictably.

Exhibit G (cont.)

## CAVERNS AND SINKS

Limestone caverns show what ground water can do in its age-long task of dissolving rock underground. Take Mammoth Cave, in Kentucky, as an example.

Some 225 to 275 million years ago, an arm of the Gulf of Mexico gradually reached up through what is now the central United States. For perhaps 30 million years it stayed there. Then the land was uplifted and the sea retreated, leaving a deposit of limestone covering thousands of square miles. This rock, reaching a maximum thickness of 1,200 feet in Kentucky, had formed from minerals in the sea water and from the limy remains of untold trillions of tiny sea plants and animals.

As the sea withdrew, rains filled the limestone strata with fresh water. Through cracks and crannies in the rock water kept flowing. Oxygen and carbon dioxide, picked up by the water from air and from plants, helped the water to dissolve the mineral calcium carbonate out of the limestone. (Limestone is mainly calcium carbonate.) Slowly the water made larger and larger channels, and some of these eventually became large caverns. Roofs of the deeper cavities collapsed, because of the weight of the overlying rock, but numerous caverns near the surface remained intact.

Mammoth Cave is one of the largest networks of caverns so far discovered. Today, because the water table has fallen, we can explore the upper cavities. Those farther down are still under water.

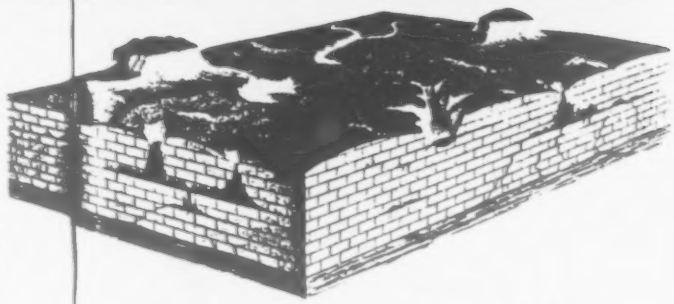
In caverns above the water table we find stalactites and stalagmites. In a process that takes thousands of years for the big ones, these odd structures are built by water oozing from cave ceilings and dropping to the floor.

As water emerges from a ceiling, some of the carbon dioxide in it escapes. Since it is this gas that has enabled the water to keep calcium carbonate in solution, the water on emerging deposits a little of the mineral. Continuing deposition at an opening may form a stalactite.

Ordinarily a stalactite starts as a ring around an opening and grows as a tube. Eventually the tube becomes blocked, but growth of the stalactite may continue as water trickles down







**Limestone country**—Where the bedrock is of limestone and stands high above surrounding land, water drains down rapidly through the rock, dissolving it to form sinkholes, caverns, and other features.

over the outside. Most very large stalactites—those many feet long—probably take tens or hundreds of thousands of years to build.

Stalagmites are formed by water that falls to the cave floor. Here calcium carbonate builds upward in piles that suggest "reverse" stalactites. Where a stalactite and a stalagmite meet, a column or pillar is formed.

Ground water has been dissolving away the thick limestone of Kentucky and southern Indiana at the rate of a foot of elevation each 2,000 years. Beneath the land surface are millions of miles of channels, large and small, and the countryside is dotted with "sinks." These are hollows formed where roofs of caves have collapsed or where surface streams plunge down into underground channels. The large, permanent streams that go underground are called lost rivers.

The modern sport of "spelunking," or exploring limestone caverns, has become highly popular. Systems of water-made tunnels, some of them miles long, are a challenge to the ingenious and the daring. Water-filled channels are sometimes explored by swimmers with artificial breathing devices. Spelunking demands special equipment and great skill, and is safe only in groups with experienced leaders.

REED SMITH SHAW & McCLAY

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April 23, 1991

BY HAND

The Honorable Norman Y. Mineta
Chairman
Subcommittee on Surface Transportation
House Committee on Public Works
and Transportation
Washington, D. C. 20515

Re: Statement of the High Speed Rail Association

Dear Mr. Chairman:

On behalf of the High Speed Rail Association ("HSRA"), enclosed please find an original and one copy of the Statement of Robert K. Pattison, chairman of HSRA, for inclusion in the permanent record of the Subcommittee's hearing on April 18, 1991 concerning reauthorization of surface transportation programs.

Thank you for your consideration of our request. If you have any questions or if we can provide any further information, kindly contact the undersigned.

Sincerely,

REED SMITH SHAW & McCLAY

By: Donald M. Itzkoff

Counsel to the
High Speed Rail Association

DMI:bjp

Enclosure

cc w/enc: Mr. Joseph Italiano
Mr. Robert K. Pattison

HIGH SPEED RAIL ASSOCIATION

STATEMENT OF

ROBERT K. PATTISON

CHAIRMAN

HIGH SPEED RAIL ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

UNITED STATES HOUSE OF REPRESENTATIVES

WASHINGTON, D. C.

APRIL 18, 1991

*206 Valley Court, Suite 800, Pittsburgh, PA 15237-2047 (412) 364-9306*

STATEMENT OF ROBERT K. PATTISON

BEFORE THE

HOUSE SUBCOMMITTEE ON SURFACE TRANSPORTATION

Mr. Chairman and Members of this distinguished Subcommittee, on behalf of the High Speed Rail Association (HSRA) and HSRA's Right-of-Way Task Force, thank you for the opportunity to submit this statement. My name is Robert K. Pattison, and I am Technical Director-Railroads for the engineering firm of Parsons Brinckerhoff Quade & Douglas, Inc. I also serve as chairman of HSRA.

HSRA does not seek funding authorization from the Subcommittee for any particular project, though I personally know of many which would be worthy. HSRA instead urges the Subcommittee to authorize the States to allow, at their option and where safety permits, access to Interstate highway rights-of-way for high speed rail systems (including steel-wheel and magnetic levitation technologies) at a value to be determined by the States. HSRA also urges that adjustments to accommodate these public and privately owned systems, while protecting the safety and integrity of the highway corridor, be considered eligible for Federal-aid highway expenditures.

Mr. Chairman, the Administration's Surface Transportation Assistance Act (STAA) contains all of these provisions. H.R. 1351 provides for the States to choose whether to permit high speed rail access to the Interstate system, and under what conditions. In our view, increased regional

flexibility, provided that high speed access meets requisite Federal safety standards, is the key. Current law already permits access to the Interstate corridor by "rail or nonhighway public mass transit facilities," but requires the States to charge fair market value for the airspace rights unless the system is publicly owned.

Under the Administration's proposed surface transportation reauthorization, States could determine the cost of Interstate access to the high speed system operator, charging less than fair market value, a specified percentage of future high speed system revenues, or no charge at all. The STAA would also make eligible for Federal funding safety-related adjustments to the highway facility necessary to accommodate high speed systems. While HSRA has reservations concerning portions of H.R. 1351, it provides a foundation for the Subcommittee's review in considering State flexibility to authorize Interstate corridor access by public or privately owned high speed rail systems.

Such access, particularly at less than fair market value as determined by the States, will provide a powerful incentive to the private sector to accelerate the implementation of high speed rail technologies across the United States. While in many cases Interstate access may not be appropriate, in other areas lower-cost use of the Interstate corridor for discrete portions of the right-of-way will enable construction of high speed systems not otherwise possible due to the anticipated capital costs of $2 billion to $5 billion for any of the under-500 mile projects now under discussion.

With few exceptions, these sums are beyond the resources of the States and the private sector alone; cost-effective Federal leadership is necessary. By granting permissive access to the Interstate highway corridor for high speed rail projects at a value to be determined by the States, the Federal government can help forge the new public/private partnerships necessary to meet the Nation's mobility demands for the 21st century. HSRA urges the Subcommittee to include in this year's surface transportation reauthorization legislation specific provisions authorizing, where safety permits and at State option and valuation, access to Interstate rights-of-way by privately owned high speed rail system operators as well as public entities.

Encouraging High Speed Rail is in the National Interest

HSRA, founded in 1983, is the only organization devoted exclusively to advancing high speed rail, including advanced steel-wheel trains of all types as well as magnetic levitation technologies. HSRA is an "umbrella group" with broad support -- much more diverse than typically found in a trade group. A wide variety of interests are active in our Association, including the engineering and design professions; railway suppliers; construction firms; aerospace companies; universities; U.S. maglev experts and foreign maglev manufacturers; labor unions; transit operators; overseas and domestic railroads; real estate development firms; service providers and professionals; academia; the investment community; electric utilities and utility suppliers; and national, state and local agency officials.

HSRA now has more than 850 members and has gained international recognition as the preeminent organization representing those seeking to advance the implementation of high speed ground transportation in the United States. HSRA officers or directors have testified before numerous committees of the Congress, and we work closely with the Executive Branch, including the Department of Transportation, the U.S. Army Corps of Engineers, and the Department of Energy. Our Right-of-Way Task Force is composed of members of HSRA with a specific, immediate interest in this issue.

HSRA supports implementation of high speed rail technologies in the United States and around the world for the safe and speedy transportation of passengers over distances of 100 to 600 miles. High speed rail is energy-efficient and environmentally sensitive. It is a technology with great promise, because every indication is that travel demand in the United will continue to grow in future years. Unless we take measures now to increase our transportation capacity, both our highway and air modes will become increasingly congested.

Mr. Chairman, you know that the U.S. Department of Transportation's National Transportation Policy, released in March 1990, states that highway travel delays in urban areas now total more than two billion hours annually. A report by the American Association of State Highway and Transportation Officials (AASHTO) said that U.S. urban freeway delay could increase more than 400 percent by the year 2005. AASHTO also reports that surface travel demand is expected to at least double by the year 2020. The

Federal Highway Administration estimates that vehicle delays due to freeway congestion will increase 400 percent in urban areas from 1985 to 2005.

The situation in our skies is just as crowded. According to the Federal Aviation Administration, 21 primary airports each now experience more than 20,000 hours of annual flight delays at a yearly cost to airlines and U.S. businesses of at least $5 billion; by 1997, 33 airports are forecast to exceed this level of delay.

Clearly, we must encourage new solutions in transportation. High speed rail offers a safe, environmentally-sensitive, and energy-efficient alternative. Let me briefly describe these attributes:

* <u>High speed rail is safe.</u>

High speed rail is the safest form of transportation in existence today. Japanese Bullet trains have never had a passenger fatality in 26 years of operations although the trains have carried over 3 billion passengers. Both the French TGV, in nine years of operations in France, and the German ICE trains also have perfect passenger safety records.

In contrast, since the first automobile accident at the turn of the century, more than 2.5 million Americans have died on our highways. The safety risks of flying commercial air carriers are also well known. High speed rail offers a proven, safe transportation alternative.

° High speed rail is environmentally sensitive.

A shift in travel to electrically powered trains will assist in a cleaner atmosphere. The reason is that highway vehicles emit significant amounts of the primary components of air pollution: carbon monoxide (CO), hydrocarbons (HC) and nitrogen oxides (NOX). Electric utilities which power electrified high speed trains such as the TGV and the ICE emit far lesser quantities of these pollutants. Although utilities powering high speed rail systems may emit greater quanties of sulfur oxides (SOX), these utility SOX emissions are site-specific and more easily controlled.

High speed rail also conserves land compared with other modes, particularly if Interstate right-of-way access is encouraged. Two tracks of a high-speed system can potentially carry as many travelers as 10 lanes of an Interstate highway. It should also be noted that the entire Paris-to-Lyon TGV system uses less land than the de Gaulle Airport near Paris, according to the Executive Summary of the Pennsylvania High Speed Intercity Rail Passenger Commission final report.

° High speed rail is energy-efficient.

New high speed rail systems between major metropolitan centers -- Houston-Dallas; Chicago-Detroit; Philadelphia-Pittsburgh; Orlando-Miami, and others -- would permit our airlines to perform the function they carry out most effectively: carrying large numbers of people long distances. Short airline trips of under 500 miles are costly and fuel-inefficient, and clog the

limited takeoff and landing slots available at each airport. The Argonne National Laboratory has estimated, for example, that flights of up to 600 miles account for 45 percent of all energy consumed by commercial aircraft, and that for commercial aircraft trip lengths of roughly 400 miles, approximately 72 percent of the total energy required is consumed in inefficient operations such as taxiing on the ground and in low-altitude flight. High speed rail systems would enable the Nation's airspace capacity to be reserved for the longer-distance, more efficient (and more profitable to the airlines) flights of over 600 miles for which there is no ready alternative.

Institution of electrified high-speed trains would contribute greatly to any national effort to reduce consumption of imported oil. It also should be noted that the National Energy Strategy issued by the Bush Administration in February 1991 proclaims the following as a "major initiative": "The Department of Transportation, the Department of Energy, and the Corps of Engineers will pursue high-speed rail technologies and the National Maglev Initiative to explore alternatives for both long-distance automobile travel and short-haul air travel."

## Interest in High Speed Rail As a Complementary Transportation Mode is Accelerating

In part because of these and other advantages, interest around the country in planning for the construction of high-speed train lines has grown rapidly. States which have established dedicated commissions or authorities to evaluate high speed proposals include Florida, Texas, Ohio, Pennsylvania, California

and Nevada. State Departments of Transportation in California, Washington, Minnesota, Wisconsin, Illinois, Indiana, New York and Massachusetts are initiating new studies regarding high-speed rail or in some instances improving track to facilitate higher Amtrak speeds. Aviation commissioners in Massachusetts and Arizona are interested in high-speed rail, as is the highway commissioner of Georgia, the Governor of Virginia, state legislators in Colorado and Pennsylvania, the mayor of St. Louis, and planners and researchers in the Federal Railroad Administration, Argonne National Laboratory, Department of Energy, U.S. Army Corps of Engineers, Environmental Protection Agency, and several Committees of Congress.

The Federal Government's position with respect to high speed rail has evolved significantly in just the past two years. The Administration's proposed budget for FY 1992 includes $15.5 million for high speed rail programs (including the National Maglev Initiative) under the authority of FRA, in addition to a proposed $8 million for similar activities under the auspices of the U.S. Army Corps of Engineers. This Subcommittee heard testimony on high speed rail development just a year ago, and already half-a-dozen bills advancing high speed ground transportation have been introduced in the 102nd Congress. HSRA is committed to working with Congress and the Executive Branch to make implementation of high speed rail (including maglev) a national imperative.

Yet, despite the tremendous promise, rapidly growing interest, and clear public benefit, as a Nation we have not yet

advanced to ground-breaking for any of the proposed high speed projects across the country. The main obstacle is financial -- overcoming the capital costs in the range of $2 billion to $5 billion for any of the under-500 mile corridor projects now under discussion. For all but a few of the most attractive proposals, States and the private sector cannot amass the capital resources required to begin implementation of these systems.

High speed rail system access to Interstate highway right-of-ways at less than fair market value offers significant potential cost reductions in a number of corridors. Such access, at State option and where safety permits, could spur new private sector investment in these publicly beneficial systems and should be encouraged.

**The Committee Should Build on the High Speed Access Provisions in the Administration's STAA Legislation**

Under current law, 23 U.S.C § 142(g) provides that where sufficient land exists within publicly acquired rights-of-way of any Federal-aid highway to accomodate rail or nonhighway public mass transit facilities, and where such use can be accomplished without impairing automobile safety or future highway improvements, FHWA may authorize a State to make such lands available to a publicly owned mass transit authority without charge. 23 U.S.C § 156 applies where the subject services are operated by an entity other than a public authority, and requires that fair market value must be charged for the sale, use, or lease of right-of-way airspace. The statute contains a narrow exception

for social, environmental, and economic mitigation purposes, but this exception does not apply where mitigation efforts are for projects utilizing airspace after a highway has been built.

The Administration's STAA proposal would amend current law to permit the States flexibility in determining the financial conditions imposed for high speed rail system access to the Interstate corrdor. Relevant provisions of the bill include:

Section 106(d):

> Activities eligible for funding include . . . (4) modifications to existing facilities necessary to accommodate other modes: Provided, That modifications may not adversely impact the highway use of the facility . . . .

Section 306(d):

> . . . States may permit a governmental use, use by public or private entities for high speed rail (including magnetic levitation systems) and other transit or utility use and occupancy, or for transportation projects eligible for assistance under this title without charge.

Section 313(j):

> In any case where sufficient land exists within the publicly acquired rights-of-way of the National Highway System to accommodate needed rail, including high speed ground transportation and magnetic levitation systems . . . and where the accommodation can be accomplished without impairing automotive safety or future highway improvements, the Secretary may authorize a State to make those lands and rights-of-way available without charge to a publicly or privately owned mass transit authority or company for those purposes wherever the public interest will be served.

These provisions form the basis for a far-sighted surface transportation policy which would permit States to authorize Interstate highway right-of-way access for whatever use is most beneficial. The policy is permissive -- States can choose

whether to grant such access to private operators at less than fair market value, or for a specified percentage of future high speed system revenues, or for no charge at all. In line with this decentralized control, HRSA recommends that the language in Section 313(j) be changed to require that the Secretary "shall" grant access (instead of "may") where conditions for that access have been met.

HSRA also urges that the Committee carefully consider the implications of requiring, as one of those conditions, that high speed rail access not impair "future highway improvements." Each State should be able to choose the future best use of its Interstate highway corridor resources, whether it be construction of HOV lanes, bus lanes, addition of mass transit systems, additional highway lanes -- or high speed rail systems. Placing a narrow definition of "highway improvements" may hamper long-term optimal use of the Interstate highway corridor, and HSRA recommends that this condition be deleted from the final legislation.

The condition of safe access, however, is critical. HSRA recognizes that high speed rail use of Interstate highway right-of-way must be compatible both with the safety of the highway users and high speed passengers. The issues to be resolved are many, including the impact on the clear zone, interchange interface, visibility impairment, "startle effect" of high speed vehicle approaching or passing, accessibility for construction, maintenance, and emergency egress, noise, and other factors.

As a first step toward answering these and other questions, the Federal Railroad Administration has chartered a task force to examine the safety implications of multi-modal use of highway corridors. Along with engineering investigation by industry, this report and other analysis by FRA and FHWA will help guide the standards for mixed-mode facility use.

In many Interstate corridors, of course, high speed rail access will be incompatible with highway safety. The right-of-way may be too narrow, or the curvature too restricted, to permit such access. But in other areas and parts of the Interstate system, such access may be consistent with safety and entirely feasible. If so, the States should be permitted to choose, as a matter of public policy, whether and under what conditions to permit high speed rail systems to make use of our Interstate corridors.

Although the question of safety is paramount, it need not be addressed now. At such time as high speed rail Interstate access is actually proposed, the Secretary can determine the appropriate standards of safety. Each high speed technology is different (particularly as between maglev and advanced wheel-on-rail trains), and each future application will likely make use of the Interstate corridor in a different manner. If Interstate access is authorized now under specific conditions to be determined later, high speed planners will have an incentive to invest further in system engineering and design. HSRA urges the Subcommittee to provide this incentive by incorporating the concept of high speed rail Interstate access into its surface transportation reauthorization legislation.

## Conclusion

As I have briefly described in my testimony, high speed rail offers numerous public benefits. Yet, the capital costs for numerous high speed projects proposed to date have posed a major obstacle to rapid implementation of this vital technology. Interstate highway corridor access by private sector high speed entities, where safety permits and at State option and valuation, would spur additional investment in our Nation's needed future transportation capacity. HSRA respectfully urges the Subcommittee to build upon the Administration's high speed access provisions as outlined above, and to provide for Federal funding of adjustments to the highway corridor necessary safely to accommodate such access.

Thank you for the opportunity to submit this statement. I would be pleased to respond to questions or inquiries you may have.

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INSTITUTE OF TRANSPORTATION ENGINEERS

Friday, April 19, 1991

The Honorable Norman Y. Mineta
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Attached is the Institute's written statement regarding the Surface Transportation Assistance Act of 1991.

The Institute regrets not having the opportunity to testify before the Subcommittee on Surface Transportation. The written comments express our views on many of the issues that face the Subcommittee in determining the future federal role in surface transportation.

The Institute urges the Subcommittee to complete deliberation and the enactment of legislation prior to September 30, 1991. We offer to expand our position statement and work with the staff towards this goal.

The mobility, transportation safety and our nation's economic vitality depend on achieving this objective.

Sincerely,

Thomas W. Brahms
Executive Director

Attachment

2132

# Written Statement of the Institute of Transportation Engineers Regarding the Surface Transportation Assistance Act of 1991

*Submitted to the*
*Subcommittee on Surface Transportation,*
*U.S. House of Representatives*

*April 19, 1991*

Founded in 1930, the Institute of Transportation Engineers (ITE) is an individual membership educational and scientific international association of more than 11,000 transportation engineers and planners responsible for the safe and efficient movement of people and goods on streets, highways, and transit systems. ITE members are engaged in planning, designing, operating, managing, and maintaining surface transportation systems in 70 countries. For over 60 years, the Institute has been providing transportation professionals with programs and resources to help them meet those responsibilities. Institute programs and resources include professional development seminars, technical reports, a monthly journal, local, regional, and international meetings, and other forums for the exchange of opinion, ideas, techniques, and research.

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## Introduction

The Institute of Transportation Engineers thanks the House Surface Transportation Subcommittee for the opportunity to express its views regarding the proposed Surface Transportation Assistance Act of 1991.

The Institute congratulates the Department of Transportation for taking the lead in developing and delivering to Congress the proposed Surface Transportation Assistance Act of 1991. *H.R. 1351 represents a positive step towards meeting this nation's future transportation needs. The Institute encourages the Subcommittee to continue your work towards the timely enactment of a Surface Transportation Assistance Act, prior to the current act's expiration on September 30, 1991.*

The provisions of this legislation are critical to the well-being of our nation's future transportation needs. Transportation is vital to the economy and, for that matter, to the quality of life of all Americans. The ability of the United States to compete in the global market is closely tied to the efficiency and quality of our transportation system. Congress can send an important message to America's businesses, to the American people, and to the international community by enacting in a timely manner a multi-year bill.

*The Institute agrees with the general provisions brought forward by the Administration's bill.* We realize that there are differing viewpoints on several items in the Administration's bill on which a consensus must be reached, but *the magnitude of the need and the importance of the funding in transportation programs are too great to delay passage of this bill.*

With construction of the Interstate System essentially complete, this bill will lay the groundwork for addressing the transportation needs of the future. It must provide not only adequate, but also continuing, resources to stimulate state and local government participation in transportation programs and to maximize and facilitate private-sector participation.

Following is a brief overview of what the Institute feels are the most important mobility and transportation safety challenges facing the United States in the post–Interstate System era.

## Mobility

Traffic volume has almost tripled since 1956, the year the Interstate System was begun, and continues to grow at an astounding two to three percent a year. This steady traffic demand has far outstripped the nation's investment in increased transportation capacity. The time we now spend delayed in traffic is being measured in billions of hours each year, time that could be more productively spent elsewhere. With 75 percent of our population now living in urban and suburban areas, traffic congestion is directly affecting most of us in our everyday travel, and it is affecting all of us by lessening the air quality, wasting fuel, and dampening economic growth. That in combination with the deteriorating condition of state/local rural roads and bridges vital to the important agribusiness interest of our nation makes it clear that America is facing a mobility crisis.

As our highway infrastructure decays and traffic congestion worsens, capital investment in the system has fallen short of need in high-growth urban and suburban areas. Suburban growth accounts for 86 percent of the total population growth since 1950. Clearly, the character of commuting demand has been changing, due in part to the migration of jobs to the suburbs.

*Effective congestion reduction during the remainder of the century will require physically increasing the transportation system capacity, efforts to reduce and manage demand, and coordinated interjurisdictional efforts to operate and efficiently manage the existing and expanded transportation system. H.R. 1351 provides a framework for these efforts.*

Traffic congestion is also an impediment to our own health. Vehicle emissions account for 28 percent of all emissions of hydrocarbons, which leads to ozone pollution. Most of our metropolitan areas are not in compliance with federal standards for safe ozone levels, due in part to the growing congestion problem.

Congress and the Administration must be congratulated for the passage of the 1990 Clean Air Act Amendments. The Institute and its membership care about the environment, and we consider this legislation critical to the environment's well-being. *We believe it is essential that the Clean Air Act and other environmental legislation, the National Energy Policy, and the Surface Transportation Assistance Act work together to avoid conflicting requirements and objectives that may result in counterproductive efforts.* For example, the proposed legislation requires the implementation of congestion management plans to reduce fuel consumption, but the legislation apportions funds, to a large extent, based on fuel consumption. We are concerned that the heavy weighting given to fuel usage provides little, if any, incentive for multimodal, energy-conscious transportation goals and programs. For example, if a state is successful in its congestion management and thus less fuel is consumed, the state could end up losing funds. *We encourage Congress to take the necessary steps to avoid conflicting requirements.*

H.R. 1351 contains provisions to effectively deal with the surging transportation demand. *It would require states to implement areawide multimodal congestion management plans. Urbanized areas with populations over 200,000 would be required to develop a congestion management plan that would provide for the effective management of new and existing transportation facilities through the use of travel demand reduction and operational management strategies.* In addition, the bill continues to require that urbanized areas have a Metropolitan Planning Organization (MPO) and produce a Transportation Improvement Program (TIP). *The Institute endorses these provisions as outlined in the bill and will work to ensure effective implementation of these provisions.*

However, no single approach to addressing our long-term transportation needs will be adequate. A combination of a group of alternatives, as documented by the Institute's publication, *A Toolbox to Alleviate Traffic Congestion*, is a more realistic approach. To get the most out of our investment in new and existing facilities, additional emphasis must be put on traffic operations programs.

The Administration's bill allows and encourages these operational programs. States would be permitted to use funds for operational improvements, such as traffic surveillance, motorist information, incident management, high-occupancy vehicle (HOV) preferential treatments, demand management, and spot geometric/traffic control modifications, to alleviate bottlenecks and hazards.

*To improve mobility, comprehensive strategies that combine all modes of transportation are needed—strategies that aim at improving the urban transportation system as a whole, including transit improvements, operational improvements, and transportation demand management strategies.*

## Safety

Highway safety needs to be given increased emphasis and funding. Highway safety improvements are responsible for saving an estimated 50,000 lives and preventing almost one million injuries since 1974. Injuries from motor vehicle crashes destroy the health, lives, and livelihoods of millions of people, yet they receive scant attention, compared with diseases and other major health hazards. Statistics show that:

- Motor vehicle crashes account for more than 45,000 deaths and more than 3 million injuries each year—of which 1.8 million are disabling.
- Each year, motor vehicle crashes in the United States create more new quadriplegics and paraplegics than all other causes combined.
- Traffic crashes are the leading cause of death for all American citizens under the age of 44. Except for cancer, motor vehicle deaths and injuries constitute the highest national economic costs produced by any public health problem.

Traffic crashes represent a national health problem. Growing traffic volumes are offsetting the safety gains made through state safety-belt use laws and improved roadway design. If traffic volumes continue to grow at the current rate, and if the fatality rate is not lowered, the annual death toll could reach 80,000 by the year 2000. Yet needed federal highway safety funds have been cut by more than half in recent years.

Not only is continued federal involvement justified, but a special national priority is warranted. A reduction in the number of annual fatalities due to traffic accidents should be a national goal. *A combined national transportation safety program is desirable, allowing state and local agencies the flexibility to apply traffic crash countermeasures that will most effectively reduce the risk of death and injury in their jurisdictions.*

The safety program provisions included in the Administration's bill do contain most of the elements recommended by ITE, including the creation of bonus incentives through a set-aside program, which would accelerate the advancement of highway safety. *We congratulate the U.S. Department of Transportation for its concern for highway safety, and we urge you to consider highway safety as one of the main objectives of this bill.*

## The National Highway System

The importance of the federal role in ensuring a safe and efficient highway system for interstate travel is unquestioned. Attention must be focused on protecting our investment in the Interstate System by properly maintaining these roads, enhancing their capacity, and when needed, providing additional capacity.

H.R. 1351 establishes a new National Highway System. The new system would include any highway whose main function is the service of interstate and long-distance travel, including all segments of the current interstate highway system, selected portions of the primary highway system, and new facilities constructed to bypass congested urban areas. The system would prioritize future federal aid.

*The Institute supports the establishment of the National Highway System but urges this subcommittee to expand the proposed total mileage in the system.* A preliminary review of the Administration's proposed 150,000-mile system indicates many miles of roads currently on the federal-aid urban system would be excluded. Some of the excluded roads carry significantly more traffic and affect interstate commerce more than some of the interstate highways included in the system.

## Small Urban and Rural Secondary Highways

In the last 30 years little attention has been paid to this nation's rural secondary highways. In recent years, the volume and weight of truck traffic on these roads have increased substantially, accelerating the deterioration of this system. Bad rural roads increase the price of American products, adversely impacting American consumers, as well as undermining our international competitiveness.

A continued federal role in small urban and rural areas is welcomed. It would ensure a minimum acceptable level of service for personal travel and goods movement. With adequate federal assistance, small cities and rural areas would be able to enhance the safety of this transportation system, provide access to interstate roads, spur economic development, serve industry, and provide scenic and recreational driving opportunities for the traveling public. *We must ensure that key rural roads are properly maintained; however, rural and urban programs should be kept separate, so that the urban congestion problem can be adequately addressed. H.R. 1351 does propose an acceptable level of support for highways in small rural and urban areas.*

## Transportation Planning

In the coming years, some of the social and demographic trends we see now will continue. Current trends, such as the aging population, will continue, and new trends will emerge. These trends must be identified, monitored, and planned for, and innovative ways must be developed to address transportation needs and demands.

At the local and regional level transportation and land use decisions must be better coordinated. Although the agencies approving land use and those responsible for transportation are often at different levels of government, each must be kept apprised of the other's decisions and their associated implications.

With more than three-quarters of the population affected by urban and suburban congestion, the federal role in the other key highways should not only be maintained, but should also be strengthened.

*The Administration's bill allows more emphasis on coordination with land use planning, including impacts of land use decisions on transportation needs, and more emphasis on consideration of transportation-related air quality problems.* It also gives priority to full consideration of congestion management before deciding on major capital investment. The Institute supports the general provisions of this bill in this regard.

## Data Collection and Systems Performance Evaluation

The current Highway Performance Monitoring System (HPMS) does not gather specific data to measure the operational performance of the federal-aid system. Most of the projections of congested conditions are prepared by comparison of calculated capacity to actual volume of traffic and calculating a level of service. These calculations do not allow for the accurate inclusion of the impacts of traffic incidents or operational improvements or deficiencies.

Although we know, through observation and the public's outcry, that traffic congestion is getting worse, we have no accurate measure of traffic congestion and the specific changes over time on a nationwide, system, or specific facility basis. This deficiency has been recognized by the transportation community and efforts are underway within the profession to define the necessary data elements that will allow this important measure of system performance to be gathered and reported. The Institute feels that these data are as important as the data gathered regarding the physical condition of the highways on the federal-aid system. We feel that Congress should have the benefit of this performance measure so that its members can, in their oversight role, keep track of the effectiveness of the investments that they have authorized and so that the effectiveness of investments in operational improvements can be measured and their cost effectiveness be calculated. *The relationship of traffic congestion to degradation of air quality and excessive consumption of gasoline makes this an important measure to monitor. Congress*

*should call for such measurements to be undertaken and communicated as part of the U.S. Secretary of Transportation's report to Congress.*

## Research and Technology

Current federal expenditures on highway research are less than one percent of the total highway program. The Transportation Research Board estimated in 1984 that spending on highway research constituted only 0.15 percent of the nation's highway expenditures. A substantial portion of the current set-aside of funds for "highway planning and research" (HPR) is spent on planning, not research. Unless a stronger national commitment is made, this nation will become more dependent on foreign technology to meet our future transportation needs.

Advanced technologies now emerging, such as intelligent vehicle/highway systems, need to be assessed, developed, tested, and implemented for all modes. The technology program should focus on true transportation needs for both the short-term and the long-term future.

*The Administration's bill focuses on highway research and development (including safety and planning), intelligent vehicle/highway systems, and more private-sector involvement. It would also establish and maintain a national research and technology coordination and communication mechanism among transportation organizations. The Institute supports these provisions.*

## Transportation Training

There is a shortage of technically competent personnel to meet the current and future requirements of the nation's transportation needs. Federal action is needed to support and stimulate the education and training of transportation professionals.

New technologies, such as intelligent vehicle/highway systems, will need to be developed and implemented to help meet our mobility needs in the future. This will also increase the demand for trained transportation professionals to plan, design, operate, and maintain these systems.

To maximize the benefits and fully utilize these systems, operational improvements require competent professional staffing and adequate and predictable funding. There is a need to attract more qualified people into the transportation profession. Therefore, renewed emphasis should be placed on education, training, and retention of transportation personnel—especially by the local and state agencies. The continuation of the Federal Highway Administration's Centers of Excellence program and the funding of the National Highway Institute, as outlined in H.R. 1351, are good steps in this regard.

*The bill also provides for local training and technical assistance provisions for rural areas. It also contains provisions for technical assistance for urban transportation agencies. The Institute endorses these training provisions but recommends an increased funding level for local training for both rural and urban areas.*

## Federal Funding

In recent years, the Institute has not called for significant increases in funding levels for highway and transit programs. Although we recognized the need for transportation funding increases, we also recognized that transportation professionals do not live in a vacuum—that the size of the federal budget deficit would, for the time being, temper the amount of resources that could be allocated to transportation programs. The Institute asked that transportation programs be authorized to spend down the growing balance in the Highway Trust Fund—funds that were collected with the promise that they would be invested in our nation's transportation system.

The Institute believes that, once the balance is spent down, additional revenues will need to be raised through a gas tax increase to support the needed level of federal investment in highways and transit systems. H.R. 1351 does not adequately address the nation's transit funding needs. If reducing traffic congestion and improving air quality and mobility are our objectives, then the existing investment in public transportation systems must be preserved, and ridership on those systems must be maximized. We must continuously seek viable, cost-effective public transportation alternatives, including ridesharing, and we must maximize the effectiveness of such alternatives.

We cannot, however, ignore the fact that in recent years this country has been negligent in investment of capital in its transportation system. In addition, improved fuel mileage (resulting in less gasoline tax paid at the pump per mile driven) and diversions and evasion of payments into user-financed transportation trust funds have further eroded the resources available.

Over the years, the funding from the Highway Trust Fund and the states has been used primarily for the development of a viable highway system of national defense and for interstate commerce. The increasing congestion problems in urban areas indicate that it is time to consider broader options, to fully understand the different approaches to transportation funding being used in other parts of the world.

*We must ensure that income to the Highway Trust Fund keeps pace with the demonstrated need to protect our investment in the system and provide for an acceptable level of mobility.*

For example, the federal tax exemption on gasohol is having a growing adverse effect on Highway Trust Fund revenues. This exemption is costing the Highway Trust Fund more than half a billion dollars each year. If the purpose of the gasohol exemption is to conserve energy and improve air quality, it should not take money from the source of funding necessary to implement transportation improvements that would also help to achieve these goals.

*Programs are needed to cover the timeframe of a typical project from conception through implementation, a period that may take several years.* In order to provide this continuity, funding authorizations for periods or five years or longer have been recommended by the Institute. Funding continuity would allow for projects to be operational and maintained after the implementation has been completed.

Traffic control systems and, more recently, intelligent vehicle/highway systems require significant annual funding to maximize their contribution to traffic flow and safety and to allow them to adapt to changes in conditions and needs. *The operations and maintenance costs of these systems are significant.* For example, the Dade County, Florida, traffic control system, which controls over 2,000 signalized intersections in the Miami area, has a yearly operations and maintenance bill of over 2.5 million dollars. *If funding is provided to develop and implement these technically complicated systems, we must make sure that funds and qualified personnel are available to keep them operating optimally.* Operation and maintenance funds would allow for the full utilization of these systems and would maximize the return on the initial investment.

The requirements for management plans (congestion, safety, bridge, pavement) should provide a better, more systematic approach for developing priorities for federal funding of capital and operating programs. *We support this concept, but urge that these management plans be administered on an integrated basis, not as separate evaluation programs.* A proposed program that may be fully warranted and cost-effective based, for example, on combined bridge, safety, and congestion characteristics may not get the appropriate funding priority if evaluated separately, as a bridge, safety, or congestion concern.

In the past, funding program categories for each separate highway system and public transportation system precipitated planning and development of projects separately by system and mode. Today, *it is necessary to encourage the safest and most energy efficient, economical, and environmentally compatible transportation system that utilizes the inherent advantages of each transportation mode and ensures that public and private transportation systems are reasonably available where needed.* The services provided by highways, parking facilities, and transit facilities in congested areas cannot be addressed separately. Each affects the other. A multimodal approach is needed.

*The Administration's bill does provide for a five year program, a provision endorsed by the Institute.* The Institute feels that highway users will support a raise in the federal gas tax if they can see that it will be used to meet a legitimate need to improve the transportation system. Although H.R. 1351 takes a step in the right direction by providing for additional highway funding over the authorization's obligation ceiling for fiscal year 1991 we feel additional funding is needed to meet today's and tomorrow's needs.

## State and Local Transportation Funding

Artificial barriers, placed on one level of government by another, to the implementation of public and private funding strategies that are otherwise feasible and acceptable to the public should be removed.

Federal tax policy, for example, encourages employers to provide incentives to those who commute to work in a private automobile, while discouraging the same for those who use transit or vanpools. Employer-provided free parking is considered to be a "working condition fringe benefit" and is therefore specifically excluded from being taxed. Yet transit passes worth more than $15 per month or employer-provided vanpools are considered to be taxable fringe benefits. This has inhibited employers from providing such assistance. *Eliminating the current tax on transit subsidies would encourage employers to provide a transit subsidy as an employee benefit.*

Toll roads on federal-aid highways are another example. Experiences from around the country are now showing that the traveling public in many cases is willing to pay a premium for the luxury of faster, more efficient transportation. Some state and local agencies have been able to use toll financing to pay for facilities that otherwise would not have been funded, to expedite transportation projects, to maintain transportation facilities, and to make improvements to highways and other transportation facilities to sustain high levels of service.

The Administration's bill allows states to use their apportioned funds for improvements on any facility that is part of the National Highway System, including existing toll roads and for the construction of new non-interstate toll roads. In addition, states may combine federal aid with toll and other financing to reconstruct and replace existing free bridges and also reconstruct non-interstate highways to add lanes and to change their character to fully controlled access highways. The Institute endorses these provisions.

## Conclusion

*The need for adequate and continuing federal transportation funding is undeniable. The provisions contained in H.R. 1351 do establish a framework from which Congress can fashion a bill that addresses the concerns raised herein. The Administration's restructured highway program, added funding, and increased flexibility are steps in the right direction. We urge you to aggressively pursue the schedule that you have adopted for an adequate surface transportation program, as described herein. Most importantly, the Institute urges you to enact the Surface Transportation Assistance Act before October 1, 1991.*

STATEMENT FOR THE U.S. HOUSE OF REPRESENTATIVES
PUBLIC WORKS AND TRANSPORTATION COMMITTEE;
SUBCOMMITTEE ON SURFACE TRANSPORTATION

BY NORMAN LANGBERG
DIRECTOR OF TRANSPORTATION AND DISTRIBUTION
GEORGIA-PACIFIC CORPORATION
ATLANTA, GEORGIA

This statement is presented for the record of the April 18, 1991, Public Hearing on 1991 Highway Reauthorization, on behalf of Georgia-Pacific Corporation.

My name is Norman Langberg, I am Director of Transportation and Distribution for Georgia-Pacific's Pulp & Paper Group. Prior to this I was employed by a major transcontinental railroad. I've been in the transportation field for over 20 years.

Georgia-Pacific Corporation, with headquarters in Atlanta, Georgia, employs over 60,000 employees, manufactures and distributes a wide variety of paper products and building materials throughout the United States.

My statement is submitted on behalf of the American Paper Institute, the national trade organization of the Pulp, Paper and Paper Board Industry, consisting of approximately 175 companies producing 90% of the nation's output of these products. I am our company's representative on the American Paper Institutes' Transportation Committee and serve as Chairman of the Motor Carrier Subcommittee. Georgia-Pacific is also a member of the Americans

for Safe and Competitive Trucking, a broad coalition of manufacturers, wholesalers, and retailers that support uniformity of intrastate trucking.

The Motor Carrier Act of 1980, significantly removed the economic regulations applicable to interstate truck transportation. Specifically, the Motor Carrier Act discontinued anti-competitive practice such as "bureau rate making", restrictive or exclusive operating authorities, and "cost-based" rate making. These practices are widely viewed as the outmoded results of an inefficient regulatory scheme.

As a result of the Motor Carrier Act of 1980, truck rates declined and stabilized over the last decade. Efficient, fair cost transportation is key for U.S. industries to remain competitive with each other as well as with foreign countries.

Over forty states continue to regulate the economic aspects of intrastate trucking. This is accomplished in many ways: restrictive and discriminatory awarding of operating authorities; continuing antitrust immunity, enabling favored motor carriers to jointly discuss and set rate levels; discriminatory costs and procedures for permitting and taxing out of state carriers; and continued public utility commission overview of rate levels based upon "cost-of-service" guidelines which do not acknowledge the normal competitive advantages of the marketplace.

The end result of this regulation is that many states continue to disrupt the productivity of motor carriers, inflate the freight charges of the nation's shippers and customers, and negatively impact efficient highway use.

Each year Georgia-Pacific pays an estimated $5 million in additional freight charges as a result of the restrictive regulatory environment in these states. While Georgia-Pacific operates in all 50 states, we are significantly impacted in 27 states. I have attached to my statement a series of comparisons which illustrate the national and state impact of intrastate regulation.

Let me share with you two examples:
Georgia-Pacific manufactures tissue products at Palatka, Florida and LaGrange, Georgia. An intrastate move from LaGrange, Georgia to Atlanta, Georgia (63 miles) costs $228. An interstate move from Palatka, Florida to Atlanta, Georgia (354 miles) cost $265.

Georgia-Pacific manufactures a wide variety of paper and building products at Crossett, Arkansas. An intrastate move from Crossett, Arkansas to Texarkana, Arkansas (131 miles) costs $350. An interstate move from Crossett, Arkansas to Texarkana, Texas (135 miles) cost $250.

In addition to the freight cost issue brought about by intrastate regulation, the administrative impact of individual state's

regulations can be a confusing and expensive burden for both carriers and shippers.

The state of California is an excellent example of bureaucratic activity which changes the structure by which carriers are regulated rather than accomplishing a meaningful objective. California's intrastate transportation environment of new carriers has been an ongoing issue for over a decade.

Prior to 1980, the P.U.C. in California set minimum rates, and issued all tariffs utilized by freight carriers. In April of 1980, the P.U.C. canceled it's tariffs and substituted a "transition" regulatory program which required the submission of elaborate cost justification by carriers who wanted to assess rates which were below P.U.C. established levels. In 1986, California P.U.C. canceled it's "transition" program and substituted a new cost-based, carrier-filed rate program which required the submission of new cost justification for all rate reductions below the level of the carriers "base rates". The P.U.C. decision also ordered a 10% mandatory increase in all carrier rates effective May 5, 1986, and required all common carriers to file their own tariffs. Prior to this, many carriers had been allowed to adopt the P.U.C's tariffs as their own.

In February of 1990, the P.U.C. canceled it's cost-based, carrier filed rate program and substituted a new program of more flexible rate making which does not require cost justification. Under this

new program, contract carriers are able to establish rates without P.U.C. authorization subject to contract filing agreements, tariff formatting restrictions, and other administrative guidelines. THis activity was hailed by many as a truly enlightened action by the state of California to introduce economic freedom to the trucking industry. For the past eleven years, regulatory uncertainty has ruled the state of California. At this time, there are several coalitions in the state of California attempting to return to the P.U.C. "cost-based" regulation. It is likely the regulatory scheme will continue to change every few years depending upon the make-up of the Public Utility Commissioners and the effectiveness of various trucking and shipper groups.

How does Georgia-Pacific attempt to reduce shipping costs and remain competitive? We operate our own trucks in intrastate movements. Referring to the Georgia illustration, we have two power units and six trailers moving between Atlanta and LaGrange, Georgia. In total we operate approximately 100 power units in the state of Georgia. This is an example repeated in most of the intrastate regulated states. We cannot afford to use intrastate carriers because the regulated price is too high. In fact, the intrastate carrier is the loser in this situation as well as the consumer.

This is <u>not</u> a single state issue. We are experiencing problems in many states. In some cases, we must serve a state market from an adjoining state to avoid intrastate shipments. This is not

efficient from a transportation standpoint, but it is more cost effective. It is a pervasive issue which ultimately restricts the competitiveness of our nation's manufacturers.

We believe the legislation introduced by Representative Ron Packard (H.R. 1064), or Sections 305 and 508 of H.R. 1351 by the Administration, are reasonable approaches which will allow motor carriers and shippers operating within a single state the same economic freedom which has existed in interstate transportation over the last 10 years. At the same time, the proposed legislation will facilitate uniformity in safety, taxation and reasonable entry into intrastate movements of motor carriers operating over federal, state and local highways. We urge that the intrastate truck problem be included in the 1991 Highway Reauthorization Bill.

# National Association of Regulatory Utility Commissioners

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*Administrative Director*
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*Treasurer*

April 26, 1991

The Honorable Norman Y. Mineta of California
Chairman
Subcommittee on Surface Transportation
Committee on Public Works and Transportation
United States House of Representatives
2251 Rayburn House Office Building
Washington, D.C. 20515

Re: **Response to NPTC and ATA Testimony on H.R. 1351, a Bill Proposing the Surface Transportation Assistance Act of 1991**

Dear Chairman Mineta:

The witness for the National Private Truck Council (NPTC), in testifying on the above legislation on April 18, 1991, before your Subcommittee, stated that it costs $296.00 to ship 36,000 lbs. of cherries interstate from the small rural community of Grandview, Washington, to Portland, Oregon, whereas the same shipment intrastate from Grandview to Spokane, Washington, costs $597.00.

In response, the NARUC respectfully submits the enclosed Memorandum from the Washington Utilities and Transportation Commission (UTC), dated April 26, 1991, which shows that the interstate rate is "far from compensatory" unless the carrier was fortunate enough to get a loaded backhaul from Portland to Grandview, an unlikely event. Moreover, the UTC says that under its regulatory system any shipper or carrier may file a proposal to lower any rate deemed excessive, and that a recent UTC audit of carrier billing revealed that interstate rates were higher than intrastate ones for comparable traffic.

The American Trucking Associations, Inc. (ATA), in its testimony, called for the repeal of Public Law 89-170 (49. U.S.C., Sec. 11506), referring to it as "a paperwork nightmare" costing "many millions of dollars annually." However, ATA thought 89-170 was fine, from its inception in 1965 until sometime after 1980, as a means to encourage States to prosecute illegal interstate carriers operating without ICC authority. After the Federal Motor Carrier Act of 1980 made ICC authority easy to obtain, the ATA lost interest in paying for State enforcement. Nevertheless, the public need continues.

89-170 authorizes State agencies, under standards developed by the NARUC and promulgated by the ICC [49 C.F.R., Part 1023], to require the registration of an interstate carrier's operating authority issued by the ICC, its current insurance status and its designated local agent for the service of legal process.

The States are permitted to collect a one-time registration fee of up to $25 per carrier, and an annual fee of up to $10 per vehicle for registration renewal -- a form of user fee consistent with legislation enacted by the Congress and supported by the Administration to fund Federal regulatory programs. Such fees generate over $55 million in annual revenues nationwide for the thirty-nine participating States, and may be increased by raising the fee ceilings.

The above legislation would eliminate the State registration of motor carriers' ICC authority, and thereby render this Federal requirement unenforceable since the ICC does not have an adequate field staff. So long as the Congress chooses to have the ICC issue certificates and permits to interstate carriers, the requirement should be enforced. Otherwise, the law becomes a mockery. Even if these authorities were replaced by fitness certificates, the need for enforcement would continue.

Also, without 89-170, who would prosecute interstate carriers operating with lapsed insurance?

Rather than repeal, we believe that 89-170 should be strengthened by our enclosed amendments to expand its scope to include specifically the enforcement of safety laws, dedicating all money collected by the States to carry out the original purposes of 89-170 plus increased safety enforcement, and to convert the evidence of compliance from the current cab card-stamp to a base State system, which would reduce administrative costs for the truckers.

Safety will be a continuing problem. Our amendments would employ user fees to fund intensified State safety enforcement and reduce the pressure for increasing appropriations for the Motor Carrier Safety Assistance Program (MCSAP).

Please have this letter and enclosures published as a part of the record of the hearings on the legislation.

Thank you.

Sincerely yours,

Paul Rodg
Administrative Director

PR/ds
cc: Other Members, House Subcommittee on Surface Transportation

APR-25-'91 THU 07:31 ID: UTIL & TRANSP COMM TEL NO:206-586-1150 #546 P04

Sharon L. Nelson, Chairman
Richard D. Casad, Commissioner
A. J. "Bud" Pardini, Commissioner

APRIL 26, 1991

STATE OF WASHINGTON
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W. • Olympia, Washington 98504-8002 • (206) 753-6423 • (SCAN) 234-6423

**REBUTTAL STATEMENT**

SUBJECT: Transportation Pricing in a Regulated versus Non-regulated Environment

In the state of Washington, the legislature has deemed it is in the public interest to regulate for-hire truck transportation to ensure that the citizens of the state have a safe, stable transportation service that offers rates that are reasonable, compensatory and non-discriminatory.

When comparing interstate and intrastate transportation pricing you can not make a fair evaluation of the rates' affect on the transportation service provided, unless you also consider the cost of service. In any rate-making decision, there has always been a link between price and cost of service. That is, it is necessary to ascertain the total revenue that is required before the specific price that yields total revenue can be established. To do this means total cost must be calculated as well as the amount of fair profit.

Therefore, for purposes of fair evaluation or comparison of whether intrastate or interstate rates are at reasonable levels, given the transportation environment motor carriers are operating in, out-of-pocket costs need to be calculated. Basically, transportation pricing analysts use out-of-pocket cost (incremental cost or variable cost) as the benchmark in which rates should not be allowed to be set below. This should be the measuring stick, so-to-speak, in making a fair evaluation of intrastate rate levels compared to interstate rate levels.

The NPTC, at the April 18th hearing, testified as to the difference in costs to a shipper shipping the same commodity in interstate versus intrastate commerce. There is no mention whether the interstate rate is compensatory to the carrier. The truth is the Grandview to Portland example (190 miles) at $296.00 for the haul would equal $1.56 per loaded mile, one way, or 78 cents per round trip mile (if carrier had to return empty); 78 cents is far from compensatory. A similar trip from Grandview to Vancouver in Washington State Tariff 4-A is $532.80. This calculates to $2.80 per loaded mile and $1.40 per running mile. Formal testimony given at Commission hearings considering proposed rate items, is that the $1.40 running mile is at or near the break-even point for many carriers.

There is a misconception by those outside of the industry that every loaded movement should result in a loaded backhaul for the motor carrier. Motor carriers strive to operate as efficiently as possible by balancing the front haul with an equally compensatory backhaul. In the real world, this is not always possible, since commodity flow between two different geographic areas is not always balanced. That is why pricing strategies may take into account empty backhaul movement because of this imbalance of traffic flow. We spoke to two carriers who operate out of the Grandview, Washington area. One of the carrier's spokesman said that the NPTC rate quote for hauling cherries from Grandview to Portland would require a guaranteed loaded backhaul just to break even. Otherwise, the rate would not generate enough revenue for the carrier to pay for its out-of-pocket costs of operation. Since it is unusual that a carrier is given a guaranteed backhaul, this carrier spokesman said, "I would be a fool to take that interstate rate."

In a recent audit of a carrier's billing, we found the carrier charging higher interstate rates (even with a 40% discount) to move certain commodities between two points in the state of Washington than would have applied had the shipments moved using intrastate tariffs. We bring this to your attention as an example of situations in which the intrastate rates may be lower than an interstate rate even after the discount is applied. We are aware there are situations where the interstate rates may be lower than the intrastate rates. To highlight one particular rate over another without considering all of the factors involved and attempt to use that rate as an example why the states should be deregulated fails to consider all of the consequences deregulation may bring.

This Commission takes its motor carrier rate and service regulations seriously and attempts to balance the needs of the shipping public while ensuring safe, reliable, and a stable transportation system for the citizens of the state.

In conclusion, it is not appropriate for NPTC to isolate one single rate and use it as an example intimating higher costs are imposed on shippers due to regulation. In our system of regulation, if a rate is excessive, any carrier may file a rate proposal to lower the rate. If there should be any questions, please feel free to call Alan Scott, Transportation Operations Manager, Washington Utilities and Transportation Commission, (206) 753-6410.

April 3, 1991

**NARUC Proposed Amendments to**
**H.R. 1351, a Bill Proposing the**
**Surface Transportation Assistance Act of 1991**

The National Association of Regulatory Utility Commissioners (NARUC) respectfully requests that H.R. 1351 be amended by:

(1) Striking: lines 17 through 24 on page 265, and lines 1 through 2 on page 266; and by redesignating subsections (b), (c), (d) and (e) on pages 266 through 268 as (a), (b), (c) and (d), respectively;

(2) Striking lines 1 through 4 on page 273; and

(3) Striking lines 12 through 25 on page 273, and lines 1 through 10 on page 274, and inserting in lieu thereof the following:

"Section 11506 of title 49, United States Code, is amended by redesignating subsection (e) as (g) and inserting between subsections (d) and (g) two new subsections to read as follows:

"(e) All fees collected by a State under this section shall be used to carry out the purposes of this section and to enforce Federal and State safety laws governing motor carriers. The use of such fees shall be subject to audit by the Commission or by other federal agency designated by the Commission.

"(f) The national organization, within one year after the effective date of this subsection, shall amend the standards to implement a base State system of annual registration whereby a motor carrier shall register with one State participating in the standards (base State) and thereby satisfy the registration requirements for all States participating in the standards. The motor carrier shall pay the required fees directly to the base State for equitable allocation among all States participating in the standards with respect to the motor carrier. If the national organization shall fail to so amend the standards within such year, the Commission shall so amend the standards within eighteen months after the effective date of this subsection. The standards, whether so amended by the national organization or the Commission, shall become effective three years after the effective date of this subsection."

April 3, 1991

**NARUC Proposed Amendments to**
**H.R. 1064, a Bill Proposing the**
**Safe and Competitive Trucking Act of 1991**

The National Association of Regulatory Utility Commissioners (NARUC) respectfully requests that H.R. 1064 be amended by:

Striking lines 2 through 26 on page 3 and lines 1 through 24 on pages 4 and 5, and inserting in lieu thereof the following:

"Section 11506 of title 49, United States Code, is amended by redesignating subsection (e) as (g) and inserting between subsections (d) and (g) two new subsections to read as follows:

"(e) All fees collected by a State under this section shall be used to carry out the purposes of this section and to enforce Federal and State safety laws governing motor carriers. The use of such fees shall be subject to audit by the Commission or by other federal agency designated by the Commission.

"(f) The national organization, within one year after the effective date of this subsection, shall amend the standards to implement a base State system of annual registration whereby a motor carrier shall register with one State participating in the standards (base State) and thereby satisfy the registration requirements for all States participating in the standards. The motor carrier shall pay the required fees directly to the base State for equitable allocation among all States participating in the standards with respect to the motor carrier. If the national organization shall fail to so amend the standards within such year, the Commission shall so amend the standards within eighteen months after the effective date of this subsection. The standards, whether so amended by the national organization or the Commission, shall become effective three years after the effective date of this subsection."

**PUBLIC LAW 89-170**

The relevant portion of Public Law 89-170, 79 Stat. 648, approved September 6, 1965, amended Subsection (b) of Section 202 of the Interstate Commerce Act and, as recodified by Public Law 95-473, 92 Stat. 1448, approved October 17, 1978, 49 U.S.C., Sec. 11506, reads as follows:

Section 11506. Registration of motor carriers by a State

(a) In this section, "standards" and "amendments to standards" mean the specification of forms and procedures required by regulations of the Interstate Commerce Commission to prove the lawfulness of transportation by motor carrier referred to in section 10521 (a)(1) and (2) of this title by--

(1) filing and maintaining certificates and permits issued to the motor carrier by the Commission;

(2) registering motor vehicles operating under the certificates and permits;

(3) filing and maintaining proof of required insurance coverage or qualification as a self-insurer; and

(4) filing the name of a local agent for service of process.

(b) The requirement of a State that a motor carrier, providing transportation subject to the jurisdiction of the Commission under subchapter II of chapter 105 of this title and providing transportation in that State, register the certificate or permit issued to the carrier under section 10922 or 10923 of this title is not an unreasonable burden on transportation referred to in section 10521(a)(1) and (2) of this title when the registration is completed under standards of the Commission under subsection (c) of this section. When a State registration requirement imposes obligations in excess of the standards, the part in excess is an unreasonable burden.

(c)(1) The Commission shall maintain standards and amendments to standards (A) prepared and certified to it by the national organization of the State Commissions, and (B) prescribed by the Commission. If the national organization determines to withdraw entirely standards prescribed by the Commission, the Commission shall prescribe new standards by the end of the first year after the national organization determines to withdraw the standards.

(2) An amendment to the standards prepared and certified by the national organization and prescribed by the Commission is effective when the amendment is prescribed or at another time as determined by the national organization.

(d) The national organization shall consult with the Commission and representatives of motor carriers subject to the State registration requirement when preparing amendments to the standards. Different amendments may be prescribed for each class of motor carriers as warranted by the differences in the operations of each class.

(g) This section does not--

(1) authorize standards in conflict with regulations of the Commission; or

(2) affect the authority of the Commission to interpret its regulations and certificates and permits issued under section 10922 or 10923 of this title.

(e) All fees collected by a State under this section shall be used to carry out the purposes of this section and to enforce Federal and State safety laws governing motor carriers. The use of such fees shall be subject to audit by the Commission or by other federal agency designated by the Commission.

NARUC PROPOSED AMEND-MENT

(f) The national organization, within one year after the effective date of this subsection, shall amend the standards to implement a base State system of annual registration whereby a motor carrier shall register with one State participating in the standards (base State) and thereby satisfy the registration requirements for all States participating in the standards. The motor carrier shall pay the required fees directly to the base State for equitable allocation among all States participating in the standards with respect to the motor carrier. If the national organization shall fail to so amend the standards within such year, the Commission shall so amend the standards within eighteen months after the effective date of this subsection. The standards, whether so amended by the national organization or the Commission, shall become effective three years after the effective date of this subsection.

**UNITED STATES HOUSE OF REPRESENTATIVES**
**COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION**
**ONE HUNDRED SECOND CONGRESS**

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Suggested Address:
Honorable _____, M.C.
United States House of Representatives
Washington, D.C. 20515
Capitol Switchboard Telephone Number: (202) 224-3121

1 Member, Subcommittee on Surface Transportation (Chairman Mineta)

The City of New York

DEPARTMENT FOR THE AGING
2 LAFAYETTE STREET
New York, New York 10007-1392
Prema Mathai-Davis, Ed. D.
Commissioner

RECOMMENDATIONS TO HOUSE COMMITTEE ON PUBLIC WORKS

AND

TRANSPORTATION SURFACE TRANSPORTATION SUBCOMMITTEE

ON

SURFACE TRANSPORTATION ACT

ELDERLY TRANSPORTATION

(4/24/91)

The New York City Department for the Aging is the largest Area Agency on Aging in the U.S. representing more than 1.3 million older New Yorkers over the age of 60 who live in the City's five boroughs.

Adequate, accessible transportation is a critical factor that enables many older persons to maintain their independence. Transportation is the crucial link that provides individuals access to services and programs from which they can benefit.

We in New York City are becoming increasingly concerned about the growing need for accessible, available transportation for the elderly. During the past decade, the City's frail older population has grown by about 20 percent. As this frail elderly population increases, it becomes even more critical that transportation services be available to help them remain in their communities. Because mobility is often one of the first functions to become impaired with advancing age, availability of transportation can be the critical factor in enabling an elderly individual to continue living independently. One out of every five older New Yorkers has difficulty walking and one out of ten have difficulty in getting out of their home.

Although New York City has a public transportation system which unimpaired elderly New Yorkers can use at a reduced fare, and while significant improvements have been made in the accessibility of the City mass transit system, for most frail or

disabled elderly, public transportation is simply not a viable option.

At the present time, only 3 percent of New York City's subway system is accessible. Although increasingly the City's buses are lift-equipped (over 75%), there are still many barriers that prevent seniors from using the regular bus system, including bus stops that are situated beyond the individual's ambulatory ability, trips that require numerous transfers, long waits for a bus to arrive, and the likelihood of having to stand while riding the bus.

To provide the transportation services that New York City's elderly need, our Department and other City agencies are working on a number of fronts. During New York City's current fiscal year, the Department for the Aging will fund over 500,000 one-way trips for the elderly in New York City, through the non-profit organizations it contracts with to provide transportation service throughout the City. These community-based transportation programs are located in each of the five boroughs. This service is available to older adults who are age 60 or older for the purpose of attending congregate meal sites, senior centers, social service activities and essential medical and other appointments and activities.

The New York City Department for the Aging uses Older American's Act Title III-B funds to support transportation

services because, otherwise, many seniors would be unable to get to senior centers to participate in the meals programs and other services, or even get to the hospital, clinic or doctors' offices for needed health care services. Unfortunately, since New York City now has severe fiscal constraints, Title III-B funds are increasingly needed for other essential in-home services.

The Urban Mass Transit Act Section 16(b)(2) program has been very important to the non-profit agencies in New York City that provide transportation service to the elderly in enabling them to obtain vehicles.

Just over a year ago, the City established with City funds Access-A-Ride, a paratransit system which is a City-wide door-to-door advance reservation service. Seventy percent of Access-A-Ride users are transportation disabled persons over age 60. Since its funds are very limited, the number of trips that Access-A-Ride can provide is also limited.

The need to expand transportation services for the elderly is evidenced by the length of waiting lists for seniors needing transportation assistance maintained by the Department for the Aging's community-based contractor agencies. It has also been a major concern presented in testimony given at the Department's annual Public Hearings on the Area Plan for the Older Americans Act and the New York State Community Services for the Elderly Act as well as in recent borough planning meetings. Based on the

Department for the Aging's work with the Department's Senior Transportation Advisory Group and the City Transportation Disabled Committee, as well as reports we continually receive from the community, there is a critical need for additional transportation services for seniors.

Department for the Aging recommendations relating to the reauthorization of the Urban Mass Transit Act include:

1.) This year, $35 million has been allocated to serve the disabled and elderly nationally through the Section 16(b)(2) program. Due to the large increase in the number of frail elderly in the City and in the country as a whole there are increasingly large numbers of transportation disabled elderly who need special transportation services. The 16(b)(2) program has been very important to the non-profit agencies in New York City, that provide transportation service to the elderly, in enabling them to obtain vehicles. We recommend that there be at least a doubling of these funds next year.

2.) At the present, the 16(b)(2) program does not provide assistance to cover the operating costs of the vehicles obtained under the program. Service programs, already stretched to provide needed services, must provide 100 percent of the resources necessary to operate and maintain these vehicles and equipment. We recommend authorizing operating expenses to non-profit agencies to provide transportation for the elderly, be added under Section 16(b)(2).

.) Amendment to the law to require that all vehicles purchased nder Section 16(b)(2) must be "Accessible" for the elderly nd/or persons with disabilities.

.) The establishment of a mechanism to purchase transportation .iability coverage for service providers on a group basis to ›btain lower premiums. Increasing insurance premium levels have ieant a diversion of funds from critically needed social ;ervices. We urge exploration of this by the Federal government.

SCENIC AMERICA

STATEMENT OF SALLY G. OLDHAM
PRESIDENT, SCENIC AMERICA

SUBMITTED TO THE

U.S. HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON SURFACE TRANSPORTATION

OF THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

APRIL 18, 1991

216 Seventh Street, S.E., Washington, D.C. 20003 (202) 546-1100

Mr. Chairman, and members of the Subcommittee, Scenic America and a broad coalition of more than 60 national, regional and local groups representing more that 5 million members, appreciates the opportunity to present this statement to the Subcommittee on Public Works and Transportation.

This diverse coalition of groups -- made up of environmental, public health, municipal, professional and business groups -- has come together to urge Congress to reform the Highway Beautification Act of 1965 (HBA) by including H.R. 1344, the Visual Pollution Control Act of 1991, in the subcommittee's Surface Transportation Assistance Act.

## WHY IS THIS LEGISLATION NEEDED?

Though initially successful, due to inherent flaws and weakening amendments, the HBA is now largely ineffective and ironically, has become the greatest deterrent to local billboard removal efforts.

Under the current law, fewer and fewer nonconforming billboards are being taken down along our federally-aided highways. According to the Federal Highway Administration's Annual Statistical Report, nationwide, only 2,657 nonconforming billboards were removed along our federally-aided highways from FY 1986 to FY 1988. The numbers are even more dramatic for FY 1990 -- during the last fiscal year, only 226 nonconforming billboards were removed along the federal highway system.

When these number are compared to the number of billboards going up, a clear picture emerges. The Congressional Research Service estimates in a report dated January 28, 1991 (#91-115E) that there are a minimum of 425,000 to 450,000 conforming, nonconforming and illegal billboards along interstates and federal highways. This same report estimates that in FY 1986, there were 241,608 conforming and nonconforming grandfathered billboards along the federally aided highways and that by FY 1988, the number of conforming and nonconforming grandfathered billboards had grown to 289,227. That is an increase of more than 47,500 new billboards in just a three year period.

For the sake of clarity, these figures are for off-premise outdoor advertising structures made up of permitted poster panels, painted bulletins, and one-of-a kind spectaculars. These figures do not include Burma Shave-type signs or illegal farm produce signs or other illegal signs which have been temporarily constructed without permits.

In addition to allowing large numbers of new billboards to be constructed along federally aided highways, the existing Highway Beautification Act ties the hands of local public officials wishing

to use their own local land use authority to remove billboards along federal highways traversing their communities.

Prior to 1978, local officials could remove billboards along federally-aided highways by either paying cash for the signs (pursuant to the HBA) or by amortizing the billboards (pursuant to their own local laws and land use authority).

Despite billboard industry claims that amortization actions violate the 5th amendment of the Constitution, no federal appeals court has ever found amortization to be a taking in violation of the Fifth Amendment of the Constitution.

Most recently, just last week, on April 9, 1991 the Fourth Circuit Court of Appeals reaffirmed its previous holdings on the constitutionality of the amortization process. In an unpublished opinion on Major Media of the Southeast v City of Raleigh #89-1571 (4th Cir., April 9, 1991) the Fourth Circuit held that the district court correctly found that neither the facts nor the law had sufficiently changed "to warrant relief from the 1985 judgement." In its 1985 judgement, the court upheld Raleigh's 5 1/2 year amortization period.

This new reaffirmation of the courts earlier ruling clearly refutes claims that the courts have backed away from the 1985 Fourth Circuit Court ruling. The new unpublished report is attached to this statement, as is a legal memo prepared by the Southern Environmental Law Center, and a February 6, 1991 General Accounting Office Report on amortization prepared for the Honorable John Chafee.

It has been suggested that placing a moratorium on the erection of new billboards along interstates and federal primary aid highways would unfairly single out the billboard industry. A moratorium on new billboard construction -- such as the moratorium included in H.R. 1344 -- would affect only about 7 percent of the roads in America. The outdoor advertising industry would be free to construct billboards, pursuant to local or state laws, on the vast majority of the remaining roads in America.

I wish to emphasize that the Visual Pollution Control Act of 1991 accomplishes three primary objectives.

1) H.R. 1344 places a moratorium on the construction of new billboards along federally-aided highways. In the same way in which the federal government sets minimum air quality and water quality threshold, this legislation establishes a minimum visual quality threshold for the nation.

2) H.R. 1344 restores local control over billboard removal. This bill allows states and local governments to remove billboards

pursuant to local law -- either by using amortization or cash. H.R. 1344 does not require the removal of a single legally erected billboard. Billboard removal is left completely to the discretion of state and local governments.

3) H.R. 1344 prohibits the cutting or destruction of trees and other vegetation on the public rights-of-way for the sole purpose of improved billboard visibility.

Finally, in closing, I also wish to emphasize Scenic America's strong support for the comprehensive transportation proposals presented by the Surface Transportation Policy Project, the Campaign for New Transportation Priorities, and the Livable Communities Coalition. The recommendations included in the proposals developed by each of these coalitions would provide for greater flexibility in spending limited federal transportation dollars. The recommended program changes would also significantly strengthen transportation planning in this country and lead to land use patterns which would sustain a truely multi-modal transportation system.

Again, I appreciate the opportunity to present this statement to the Subcommittee and invite any questions or comments you may have. Thank you.

Southern Environmental Law Center
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MEMORANDUM

To: Interested Congressional Staff

From: Katherine E. Slaughter, Staff Attorney KS

Re: Constitutionality of Amortization Provisions

Date: April 11, 1991

The billboard industry has argued that any amendment to the Highway Beautification Act that deletes the "just compensation" clause would violate the Fifth Amendment to the Constitution. However, case law does not support this assertion, as pointed out in the recent Comptroller General's "Analysis of Billboard Amortization Case Law." The following memorandum discusses additional cases by the Supreme Court, federal courts of appeals, and state courts. Some of these have been erroneously cited by the billboard industry as supporting its position that amortization is unconstitutional. These cases are summarized below, and the opinions are available on request.

Introduction

When more restrictive zoning laws are enacted, local governments are faced with the decision of whether to terminate existing land uses that do not comply with the new restrictions or to allow them to continue indefinitely as nonconforming uses that are "grandfathered." An amortization period allows continuation of an use for a given number of years and thus provides a compromise between immediate cessation and perpetual grandfathering. Although billboard companies typically claim that amortization unconstitutionally "takes" their property, the majority of states that have addressed the issue recognizes amortization of nonconforming uses as a valid land use tool. No federal appeals court has ever found amortization to be a taking in violation of the Fifth Amendment to the Constitution.

U.S. Constitution

The Fifth Amendment to the U.S. Constitution provides, in part, that government shall not take private property for public use without compensation. In addition to actual physical confiscation, the Supreme Court has stated that a governmental regulation could be so restrictive as to constitute a taking. However, the Court has rarely found such a regulatory taking even when a substantial property interest has been destroyed.

The Court has made clear that a regulatory action that adversely affects property does not constitute a taking provided

the action (1) serves a legitimate public purpose, and (2) does not deprive the owner of all use of the property. The Court has repeatedly upheld regulatory ordinances against takings claims even when a business has been destroyed. Goldblatt v. Hempstead, 369 U.S. 590 (1962) (ordinance prohibiting sand and gravel mining); Hadacheck v. Sabastian, 369 U.S. 394 (1915) (ordinance prohibiting brick yard within the city); and Mugler v. Kansas, 123 U.S. 623 (1887) (law prohibiting existing brewery).

The Court has also addressed the takings issue in a number of recent cases. In Keystone Bituminous Coal Assn. v. deBenedictis, 107 S.Ct. 1232 (1987), the Court rejected a takings challenge to Pennsylvania's Subsidence Act that forbade the mining of coal beneath certain structures in order to provide surface support. The Court found that the state law did not constitute a taking even though it undeniably prevented the most profitable use of the property.

The Supreme Court's decision in Andrus v. Allard, 444 U.S. 51 (1979), is apt to the discussion of the effect of amortization on billboards. Andrus addresses the takings issue in relation to restrictions on personal property used for business. In this case, the Department of Interior promulgated regulations that prohibited the sale or purchase of protected birds or bird parts, including those acquired before the enactment of the federal statutes protecting such birds.

Appellees traded in Indian artifacts partially consisting of feathers of protected birds and therefore argued that the regulations unlawfully took their business property. The Court unanimously rejected the takings claim and said "The regulations challenged here do not compel surrender of the artifacts, and there is no physical invasion or restraint upon them . . . loss of future profits -- unaccompanied by any physical property restriction -- provides a slender reed upon which to rest a takings claim." Id. at 65-66.

Other Supreme Court cases cited by the billboard industry as support for the contention that amortization constitutes an unconstitutional taking are not relevant to amortization provisions of sign ordinances. For example, in Hodel v. Irving, 107 S.Ct. 2076 (1987), the Court held that a taking occurred when the Indian Land Consolidation Act abolished certain fractional interests in land that had been passed to heirs at the time of death.

In First English Evangelical Lutheran Church of Glendale v. Los Angeles County, 482 U.S. 304 (1987), the Supreme Court ruled that if a taking had occurred, even for a temporary period, compensation would be due. In that case, the church operated a campground on land destroyed by flood. In response to the flood, the county passed an interim ordinance prohibiting construction or reconstruction on the floodplain. The church sued for damages on the grounds that the ordinance violated the Fifth Amendment.

The Court found that "we . . . have no occasion to decide whether the ordinance at issue actually denied [claimant] all use of its property . . .." Id. at 2384. (Emphasis added.) On remand, the lower court found there had been no taking.

In Nollan v. Calif. Coastal Commission, 483 U.S. 825 (1987), the Court reasoned that an involuntary, uncompensated conveyance of an easement violated the Fifth Amendment. The California Commission had conditioned the issuance of a coastal permit on the allowance of a public easement across a portion of private property. The Court found the constitutional defect was the lack of nexus between the condition -- the easement -- and the purpose of the coastal building restrictions -- visual and psychological access to the beach. The court explained that permissible conditions in this context might have been height or width limitations, or even a viewing spot on the land. A strip of land providing continuous access, on the other hand, constituted a taking.

While the Supreme Court has never directly addressed the amortization issue, petitions to review billboard amortization periods have been denied by the Court on a number of occasions. See, for example, Major Media v. City of Raleigh, 792 F.2d 1269 (4th Cir. 1986), cert. denied, 479 U.S. 1102 (1987); Art Neon Co. v. City and County of Denver, 488 F.2d 118, (10th Cir. 1973), cert. denied, 417 U.S. 932 (1974); E.B. Elliott Advertising Co. v. Metropolitan Dade County, 425 F.2d 1141 (5th Cir.), cert. denied, 400 U.S. 805 (1970); Donrey Communications v. City of Fayetteville, 280 Ark., 408, 660 S.W.2d (1983), cert. denied, 466 U.S. 959 (1984); Modjeska Sign Studies, Inc. v. Berle, 433 N.Y.2d 468, 373 N.E.2d 255 (1977), appeal dismissed, 439 U.S. 809 (1978).

Other Federal Courts

The takings issue has been litigated in several billboard cases in the U.S. Court of Appeals for the Fourth Circuit. In Major Media of the Southeast v. City of Raleigh, 792 F. 2d 1269 (4th Cir. 1986), cert. denied, 479 U.S. 1102 (1987), the court affirmed the district court's decision that a sign ordinance with a 5 1/2 year amortization period was not a taking on the grounds that the period permitted recoupment of a portion of the sign owner's investment. The court recently reaffirmed this ruling in an unpublished opinion, Major Media of the Southeast v. City of Raleigh, #89-1571 (4th Cir. April 9, 1991). The Fourth Circuit ruled that the district court correctly found that neither the facts nor the law had sufficiently changed "to warrant relief from the 1985 judgment." Id. at 3. It thus rejected the billboard company's assertion that Durham, discussed below, represented a change in the law.

In Naegele Outdoor Advertising Co. v. City of Durham, 844 F.2d 172 (4th Cir. 1988), the court of appeals sent the case back to the district court with instructions for development of the

facts. Further factfinding has occurred, motions for Summary Judgment have been filed, and at this writing the parties are awaiting a hearing by the district court.

In Georgia Outdoor v. City of Waynesville, 900 F.2d 783 (4th Cir. 1990), the court of appeals overturned the ruling of another district court that the Waynesville ordinance constituted a taking. The court sent the case back to the district court for further factfinding. The parties in Waynesville are in the process of discovery with a trial date set for June 1991. In its opinion, the court of appeals maintained that Raleigh and Durham were not inconsistent but, instead, that the Durham record had disclosed issues about material facts needing resolution in the district court.

State Cases

Other recent cases from state courts cited by the billboard industry do not involve the federal constitutional takings issue. In Penn Northwestern Distributors v. Township of Moon, No. 89 W.D. (Pa. Sup. Ct. January 7, 1991), a divided court agreed that a 90-day amortization period for an adult bookstore was inappropriate. The majority opinion held that under the Pennsylvania constitution (not the U.S. Constitution), the owner of a grandfathered use had a vested right that could not be removed. Three other justices in two separate opinions concurred in the result on the grounds that the brevity of the amortization period, not the state constitution, made it invalid.

Likewise, in Lamar Advertising v. City of Albany, ___ GA ___, 389 SE2d 216 (1990), the court found that the amortization period violated the takings clause of the Georgia constitution, which states that private property may not be taken "or damaged for public purposes." Id. at 217. By contrast, the federal Constitution states that private property shall not "be taken for public use, without just compensation." The federal constitutional issue was not addressed in Albany.

Fort Collins v. Root Outdoor Advertising, ____ Colo. ____, 788 P.2d 149 (Colo. 1990) deals with interpretation of the Highway Beautification Act and the corresponding state law. The court held that the city could not remove grandfathered signs adjacent to the federal highways without "just compensation." The court found Congress had made a "conscious political decision to reject the use of amortization provisions to comply with the federal act" and that cash compensation was required. Id. at 155. No constitutional issue, state or federal, was addressed.

In addition, there are a number of other state and federal cases, not discussed here, that uphold amortization as a lawful, constitutional means for terminating nonconforming uses, such as billboards.

# REAUTHORIZATION OF SURFACE TRANSPORTATION PROGRAMS

MONDAY, APRIL 22, 1991

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SURFACE TRANSPORTATION,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
*Fort Smith, AR.*

The Subcommittee met, pursuant to call, at 9:00 a.m., in the Holiday Inn Civic Center, 700 Rogers Avenue, Hot Springs/St. Louis Room, Fort Smith, Arkansas, Hon. Norman Y. Mineta (Chairman of the subcommittee) presiding.

Present: Representatives Mineta, Hammerschmidt, Rahall, Shuster, Hancock, Cramer, Nichols, Zeliff, and Molinari.

Mr. MINETA. The Subcommittee on Surface Transportation will please come to order. We are pleased to have this opportunity to hold this meeting here in Fort Smith and also with the great hospitality that everyone has shown to—in terms of their courtesies to the subcommittee. I want to thank everyone very much.

It is a great pleasure for us to all be here in the 3rd Congressional District in Arkansas.

Arkansas is well represented, especially the 3rd Congressional District, by Congressman John Paul Hammerschmidt. He really represents all of Arkansas. We admire him, and we respect him. So many members are here to see the 3rd district. The northwest part of Arkansas seems to thrive on this entrepreneurial spirit that so many of you show.

The Ozarks serve as a breathtaking backdrop for this regional hearing.

As all of you know, John Paul Hammerschmidt is one of the finest Members of the House of Representatives. All of us are looking forward to working with him as a leader on the Public Works and Transportation Committee. His commitment and dedication to the issues that face the people of Arkansas, the people of this nation, the people of the 3rd Congressional District is commendable.

This year, we have a chance to craft legislation which is visionary. None of us are really interested in just addressing the issues as the reauthorization of another highway bill. We are trying to look at transportation as a system and what are our wants and needs in the 1990's as we prepare for the 21st Century. We are still determining the specifics of the legislation.

I know that there are five general principles around which we will put this legislation together. First of all, what will this legisla-

tion do to help in terms of international competitiveness? We know that there is a great deal of relationship between investment and transportation infrastructure and productivity. What will this legislation do to help us be players in the international global marketplace?

Second, what will this legislation do to help us in terms of state and local economic development?

Third, what will this legislation do to help us in terms of quality of life?

Fourth, what will this legislation do to help us in terms of public safety?

And fifth, what will this legislation do to help us in terms of providing consistent, stable and flexible sources of funding?

Now, our transportation network will only truly improve in the years ahead if we put out increasingly scarce federal dollars where the needs are today and where they must be in the future. That kind of foresight demands not a single strategy, but a series of policies that will be responsive to state, regional and local needs, well into the next century. We will be hearing from some of Arkansas' experts on a wide variety of important transportation issues today.

I look forward to hearing the testimony of today's witnesses, for your insights on these issues will be very helpful as we continue to formulate our Committee legislation.

At this point, I would like to yield to our very distinguished colleague from the 3rd Congressional District of Arkansas, the ranking Republican on the full committee of the House Public Works and Transportation Committee. This committee is really a very bipartisan committee. There are no Democratic bridges or Republican highways. These are roads and highways that really benefit all American people without concern to ideology or partisanship. And foremost in that leadership element in making sure that it remains bipartisan is none other than Congressman John Paul Hammerschmidt, a very distinguished member of the House and a person we all admire and love very, very much. At this time, I am pleased to yield to our very fine colleague, Congressman Hammerschmidt. John Paul.

Mr. HAMMERSCHMIDT. Thank you, very much, Mr. Chairman. I greatly appreciate those very kind and generous remarks. It is a distinct pleasure for me to welcome you and all of our committee colleagues to Fort Smith for this hearing. You know, some in our audience had the opportunity to meet the members of the subcommittee at last night's reception and the dinner arranged by the Fort Smith Chamber of Commerce. However, Mr. Chairman, I know we are anxious to hear our witnesses, but I would like to formally introduce my colleagues at this time.

First of all, we are extremely fortunate to have with us the man you just heard, our very able and dynamic Surface Transportation Subcommittee Chairman, Norm Mineta of San Jose, California. I dare say that no one knows more about the work of our committee than Norm Mineta. With over a decade and a half of service in the Congress and on the committee, he has chaired four of our six subcommittees. Before taking the Chairmanship of this Subcommittee, he chaired our important Aviation Subcommittee for four years. Chairman Mineta has provided great leadership in scheduling this

important and very extensive set of hearings on the development of the next highway and transit legislation.

Now, the other half of our great Subcommittee leadership team is Congressman Bud Shuster of Everett, Pennsylvania. Congressman Shuster has been the extremely effective ranking member of our Surface Transportation Subcommittee for the past 15 years. During that time, he has made enormous contributions to the nation's highway program, and nobody has greater expertise on the issue of surface transportation than Bud Shuster. Once again, he will play a leading role in the development of the next highway legislation.

Congressman Nick Joe Rahall of Beckley, West Virginia is one of the Committee's most able and senior members of both the full Committee and Surface Transportation Subcommittee. He also serves on our Economic Development Subcommittee. In addition to his service with our committee, Congressman Rahall is Chairman of the Mining and Natural Resources Subcommittee of the House Interior and Insular Affairs Committee.

Congressman Mel Hancock hails from Springfield, Missouri. His district borders the third district on the north. We share part of the Ozarks and a number of mutual interests, including the upgrading of Highway 71 in both Arkansas and Missouri. Congressman Hancock serves with great distinction on our Aviation and Water Resources Subcommittees.

Congresswoman Susan Molinari is our very fine member from Staten Island, New York. She followed in the tradition of her distinguished father, Congressman Guy Molinari, who also served on this committee. Susan is a member of our Aviation, Water Resources and Investigations and Oversight Subcommittees.

Congressman Bud Cramer is our very effective member from Huntsville, Alabama. He serves on our Surface Transportation, Economic Development and Water Resources Subcommittees.

Congressman Dick Nichols of McPherson, Kansas is a valuable member of our Surface Transportation and our Aviation Subcommittees.

And finally, Congressman Bill Zeliff is from Jackson, New Hampshire. He serves very capably as a member of our Surface Transportation and Water Resources Subcommittee.

And I know that I speak for all my fellow Arkansans when I say how very pleased we are to have these very distinguished Members of Congress here today. I look forward to some very enlightening, useful testimony as part of what I know will be a very productive hearing.

Again, Mr. Chairman, I want to commend you for scheduling the Subcommittee's very important series of field hearings on the reauthorization of our federal highway and transit programs. I am especially pleased that you have scheduled today's hearings in Fort Smith. And as you said, this is the last of five field hearings. The committee had planned to do this last October, but Congress convened for an unusual weekend. We were in session on Saturday and Sunday that particular weekend, and we were trying to reach an agreement on the budget last October, and that forced us to postpone that Fort Smith hearing. So, here we are today.

But rescheduling this hearing, I think was important because I believe that what we will learn today will be of great benefit to the Committee as we move forward in the drafting process on new highway transit and highway safety legislation that will shape these programs well into the next century.

You know, I suggested that the subcommittee come to Fort Smith, here in the heart of western Arkansas, because I felt it would provide an ideal forum to discuss the needs and problems in this high growth, largely rural region of our country where major industrial, commercial and commuter traffic is placing a heavy burden on the area's highways. And of course, highways are of critical importance to the Fort Smith area. This is a western Arkansas primary industrial center—a major center for truck transportation. In addition, it has become a major tourist recreation center as well. Its proximity to Interstate 40 has played a significant role in the booming growth that has taken place.

However, the interstate, as it was conceived in the mid-1950's, does not adequately serve the needs of all the major population centers in the 1990's, including western Arkansas. That is why we need the Highway 412 corridor, the proposed east/west four-lane route that crosses the northern part of Arkansas and that is why we need to upgrade the Highway 71 corridor, both north and south of Fort Smith. The planned north/south corridor may one day link Kansas City, Missouri to Shreveport, Louisiana an interstate standard north/south route will be extremely beneficial to the cities and the towns along this corridor.

Mr. Chairman, I have a rather comprehensive statement, and we are anxious to hear our witnesses so I would ask unanimous consent that I place my entire statement in the record. Let me just say once again that I want to welcome all of our congressional colleagues and all of our distinguished witnesses and guests. I look forward to a very productive hearing, Mr. Chairman.

Mr. MINETA. Thank you very much, and without objection, your full statement will be made a part of the record.

At this time, I would like to yield to our very fine ranking Republican on the subcommittee, the gentleman from Pennsylvania, Congressman Bud Shuster. Bud.

Mr. SHUSTER. Thank you very much, Mr. Chairman. It is wonderful to be here in John Paul Hammerschmidt's district. Someone asked me earlier this morning how I got here since I was unable to catch the Air Force plane yesterday morning and commented that it took some flying and some driving and some flying. But I said the short answer was that I would have walked here for John Paul Hammerschmidt if necessary because he is just that highly regarded—indeed, revered, in the Congress of the United States. So, I am pleased to be here for these very important wrap-up hearings which our Subcommittee has been holding over the past year and a half as we proceed to writing what many of us believe should be and will be an historic transportation bill this year which will carry America into the 21st Century. Thank you.

Mr. MINETA. Mr. Rahall.

Mr. RAHALL. Thank you, Mr. Chairman. Mr. Chairman, Congressman John Paul Hammerschmidt mentioned that he suggested the Subcommittee come here to his district in Arkansas to have

this wrap-up hearing. By the turnout of our colleagues here, I would say that Congressman John Paul Hammerschmidt's suggestions in Washington carry much more weight than many others' commands. We have more members here probably than we have at many hearings in our nation's Capitol.

Inside the beltway, we have an expression known as "we ask unanimous consent to revise and extend one's remarks". That is a quick way of saying, we would like to get to hear our witnesses, and that is what I am going to do at this point so that we can hear those that have come from around this area in Arkansas to appear before us. Thank you.

Mr. MINETA. Without objection, the gentleman's full statement will be entered into the record. Mr. Hancock.

[Mr. Rahall's prepared statement follows:]

STATEMENT OF HON. NICK J. RAHALL II, DEMOCRAT OF WEST VIRGINIA, HEARING, SUBCOMMITTEE ON SURFACE TRANSPORTATION, FORT SMITH, AR

Chairman Mineta, Congressman Hammerschmidt, thank you both for holding this hearing on the reauthorization of the surface transportation programs, and for inviting me back to Arkansas. It is always a pleasure to visit your fine State, Congressman Hammerschmidt. As I noted during my last visit, Arkansas is a predominantly rural State much like West Virginia, and I feel right at home.

I understand that we have a panel of witnesses representing transit interests. Ms. Anne Henderson, Director of the Arkansas Transit Association, and Tanya Kopke, Director of the Arkansas Transit System of section 18 agencies.

I hope to exact from both of you an endorsement of H.R. 1079, the mobility assistance bill which I have introduced. As you know, Mr. Chairman, my bill increases funding for rural and small urbanized areas. For rural areas, funding would go from 2.93 percent to 7.5 percent, and for small urbanized areas it would rise from 8.64 percent to 10 percent.

If you ask me why it is necessary to increase transit funding for rural and small urbanized areas, I would simply tell you that the percentages for allocation of these funds were set back in 1978, and this is 1991. Thirteen years is a long time to go without anyone paying attention to the fact that it isn't meeting the public demand for transit services.

No one is more desirous than I am to obtain additional funding for highway projects. God knows the whole country is relying on us to help it meet massive transportation and economic development infrastructure needs. But if anyone in this room thinks economic development can be expanded on and improved without public transit services, they've got another thought coming. Economic development means moving commerce and people, not just commerce.

Briefly I would like to say a word about my bill, known as the Mobility Assistance Act which will assist all transit dependent individuals who live in remote, and often isolated areas of our rural countryside. In addition to increasing the funding setasides for rural and small urbanized areas, it pays particular attention to assisting the elderly through coordination of services available to them from other Federal social services and those under my bill, and it also focuses on providing capital assistance for meeting transit requirements under the Americans With Disabilities Act.

My bill has 36 cosponsors, Mr. Chairman, 12 of whom are on the Subcommittee on Surface Transportation, and who also have rural congressional districts.

There are transit authorities throughout rural America who can only guarantee bus services for 1 or 2 days a week. That doesn't help rural individuals who have jobs they need to get to 5 days a week.

When we passed the Americans With Disabilities Act, we held out the promise above all other promises that the handicapped would be enabled to travel to and from jobs themselves—one of their greatest deprivations before the act was passed was access to public transit. That promise won't be worth the paper it's written on if we don't help transit authorities meet those mandates in the "A.D.A." law.

For the elderly, especially the frail elderly who are more dependent on public transit than most people—they can't even be assured that a bus will run on the day they have a doctor's appointment, and certainly few of them can hope to visit their Senior Center every day for the one hot meal they can receive through the Older

Americans Act senior nutrition programs. We heard testimony in Washington, Mr. Chairman, to the effect that many paratransit providers can no longer deliver meals on wheels to elderly citizens because of a lack of funds.

Low income individuals, a majority of whom live in rural areas according to recent statistics, who have to commute to nearby cities and towns in order to get to work every day, cannot get to that job if a bus only runs twice a week. If the able-bodied can't depend on transit in rural areas, imagine then, the problems encountered by the disabled worker or the elderly and frail, without public transit.

I won't go into further details on the Mobility Assistance Act, except to say that it is garnering more and more support as the days go by, and it is our chance to begin to change priorities established for transit services back in 1978. As I said earlier, this is 1991—and it is time to recognize, and then do something about, rural and small area transit funding needs.

Just talking about rural and small urban transit needs won't get it. We have to get some action, and with a 5 year bill looming before us, now is our only chance to begin to ready public transit for the 21st century.

Thank you Mr. Chairman. And I want it carefully noted that I have kept my promise not to mention flexibility!

Mr. HANCOCK. Thank you, Mr. Chairman. It is a real pleasure to be here today to look at some of the specific needs of the area as we continue the process of authorizing post interstate surface transportation programs.

Last year, we held a similar meeting in my district, which is just over the Arkansas line in Missouri. It was an extremely valuable meeting which helped me and the committee better understand the needs that exist out in America, instead of looking at the problem from a committee room in Washington, DC. I commend Chairman Mineta and John Paul Hammerschmidt for continuing to hold these informative hearings throughout the country.

Today, we will be receiving testimony from two very important businesses in my district who transport goods through this area mostly on Highway 71. Due to the close proximity of my district to this area, I feel it is important to hear how road conditions and capacity expansion in this region affect the economy of southwest Missouri.

A little later, Charlie Mudd, the Vice President of Operations for Contract Freighters will tell us how important maintaining a strong surface infrastructure in this area is to his business. But first, Mr. Chairman, I ask unanimous consent that the statement of Dr. Lance Beshore, the staff Vice President for Public Affairs and Government Relations of Leggett & Platt, Inc. be included in the record. (See page 2407.)

Mr. MINETA. Without objection.

Mr. HANCOCK. Dr. Beshore, who was scheduled to testify at this hearing last year before it was canceled due to the budget mess, cannot be here today because of a scheduling conflict. While Mr. Mudd will discuss the importance of good roads in the transportation industry, Dr. Beshore's testimony addresses their effect on a major corporation. Leggett & Platt is a Fortune 500 company which employs 12,000 people throughout the U.S. and Canada. It is a components manufacturing company with annualized sales of above a billion dollars. Certainly, their interest in maintaining and expanding shipping routes is paramount and is reflected in his statement.

I thank you, Mr. Chairman, and I look forward to hearing from the witnesses today.

Mr. MINETA. Mr. Cramer.

Mr. CRAMER. Thank you, Mr. Chairman. And thank you, Mr. Hammerschmidt, for the wonderful hospitality that this community has shown to us. I feel like I am in a roomful of new friends and I enjoy that. I think it is important—I am a new member of Congress and I think it is very important for us to leave our environment there in Washington occasionally and come out here into the field and to see what impact some of our pieces of legislation may have upon all communities.

I am honored to have a large group from my home town, Huntsville, Alabama, the 5th Congressional District of Alabama, which is north Alabama—right across the top of Alabama—that are here to also testify about a road issue that is important to our area. Huntsville is a growth area in Alabama. The 5th District is a growth area, and we were left out of the design of the interstate system back in the 50's. So we, too, are interested in improving our roads.

So, Mr. Chairman, I thank you for holding this hearing and look forward to the testimony that will be offered today.

[Mr. Cramer's prepared statement follows:]

STATEMENT OF HON. BUD CRAMER, A REPRESENTATIVE IN CONGRESS FROM ALABAMA

Mr. Chairman, I look forward to today's hearing. I believe it is integral to our work to leave Washington and visit the areas our actions will affect. I thank the distinguished gentleman from Fort Smith, Mr. Hammerschmidt, for his hospitality and the hospitality of his neighbors.

Our committee has an arduous and challenging task before us as we review our transportation policy and make needed adjustments and improvements. It has been said in this committee time and time again, and is worth repeating, "when we strengthen our core infrastructure—we enhance a community's quality of living which increases the opportunity for economic growth."

This is, and should be, our guiding principle. Our committee has listened to business persons explain in detail issues that are adversely affecting us on a global scale. These issues include health care costs, environmental concerns, asymmetrical trade openness and the like. One continuing theme that came from our discussions was that we have to strengthen our core infrastructure—that is we need better accessibility to urban and industrial centers, we need to assist small communities improve wastewater treatment facilities, and we need to assist local communities financially in alleviating educational and health care concerns.

For many of the Southern States, Mr. Chairman, there is a need—a drastic need—for highway improvement. Many of our roads are simply unsafe after years of wear and tear. Even with this problem and in spite of this problem, areas like Huntsville, Decatur, Florence, Muscle Shoals, and Scottsboro have seen economic strides. We can only imagine what we could provide to the country if we had a better roadway that connects us with major centers to the East and to the West.

Mr. Chairman, I honestly feel that if we do not include the construction and reconstruction of a highway that connects Memphis to Atlanta in this year's reauthorization bill the northern 60 percent of Mississippi, 40 percent of north Alabama and 30 percent of Georgia above Atlanta will enter the 21st century unserved by an East/West highway of national significance/importance. The only interstate serving north Alabama and north Mississippi today is I-65 from Birmingham to Nashville. It does not provide a connector to a single city.

Mr. Chairman, it appears to me that an inequity will exist in our transportation policy if we move forward to a "post-interstate era" and leave unaddressed the needs I have outlined. How can my district continue to compete efficiently if companies find difficulty moving goods in and out of my district. We are not arguing for special privileges. We are only saying that we have been left out of the interstate system and have over the years worked with what we had. But as we move toward the 21st century, as the concept of intermodality takes a more concrete form, it is imperative that this committee and the administration take into consideration what these four states have offered and what we can offer to this country.

Mr. Chairman, I support using all of the highway trust fund money for highway construction, reconstruction and improvement. The northern portions of Alabama, Georgia and Mississippi have contributed to the highway trust fund for 35 years.

Isn't it only fair that those who readily contribute to the trust fund, those who are the stated beneficiaries become the actual recipients of those funds so that we can build this corridor route that will help the stream of commerce and strengthen the work of the major government installations located in the area. These major Government installations include the Marshall Space Flight Center, the advanced solid rocket motor facility, the Army Missile Command, the Army Ordinance Missile and Munitions Center and School, the Army Strategic Defense Command, the Army Corps of Engineers and the Tennessee Valley Authority.

Our national transportation policy should carefully take into consideration areas that are experiencing growth and should be shaped to enhance that growth. Cultivating a healthy economic environment not only will make us more competitive internationally, it will also provide us with the wherewithal to address national issues like infant mortality, health care for the elderly and nutrition programs for children.

Mr. Chairman, I thank you for convening this hearing in a timely manner and for allowing the mayor of my hometown, the Honorable Steven Hettinger to testify. Because of your background in municipal government, I am sure you will understand and empathize with Steve's statement.

I look forward to today's testimony.

Mr. MINETA. Ms. Molinari.

Ms. MOLINARI. Thank you, Mr. Chairman. I do not think I have got any constituents in this room. I wish I did. I represent the city of New York, and it has been very educational and inspirational for me to come back to an important part of America and see the spirit that is still alive here, a spirit that will guarantee that our future in this country is as proud as our past. And sometimes in our urban areas, and especially lately, we have lost a little bit of sight of that.

But the dedication and commitment that I have seen in this room and the people that we have met has just been very inspiring and challenging to me. And that has increased my dedication to work with this committee because clearly, we are so connected both from an ability to transmit our hopes to the urban areas—to also transmit our goods to the urban areas. And if we can keep areas like this in our country, those areas that are growing, that have hope for the future positive, we know that our cities will survive.

So, I feel much better about the area that I am privileged to represent by coming here across the country and seeing just what positive individuals and business and needs that this area has. I look forward to working with people like the Chairman. And as everyone has said here, while it has been an honor to meet the people in Arkansas, most of us would follow John Paul Hammerschmidt to the ends of the earth if he asked us to because he is just that great an individual, and it is a privilege to serve with him and it has been a delight to meet all of you.

So, I look forward to hearing your testimony and making your dreams for this area a reality.

Thank you, Mr. Chairman.

Mr. MINETA. Mr. Nichols.

Mr. NICHOLS. Chairman Mineta, thank you very much. Ladies and gentlemen, what a pleasure it is for me to be here with Chairman Mineta and this Committee and follow the leadership of John Paul Hammerschmidt.

Many of us have been to Arkansas before and admire your spirit of cooperation, your zeal, your belief, your enthusiasm and your hospitality. I think what impresses me most of all again on this

visit is the way all of you cooperate and work together at all levels of government, and that is the story of success. And that is the story of mutually building on something that you have got here, your great natural resources to move this project forward.

I come from Kansas. We are recognizing the importance of good highway programs. We want to have highways feeding into the Mid-America district, and we are anxious to have people like Susan Molinari from Staten Island come here and view what is the area of growth for the future.

So, we want to salute you above all for your extreme hospitality, your cooperation. We look forward to the hearing.

Mr. MINETA. Mr. Zeliff.

Mr. ZELIFF. Thank you, Mr. Chairman. I, too, would like to mention—even though New Hampshire is a little bit further away—that I, too, would walk in the footsteps and follow John Paul anywhere.

I was privileged to be here 30 years ago as a Private E2 in the Army at Fort Chaffee and spent a lot of time at Fort Smith and Hot Springs and Little Rock and Fayetteville. [Laughter.]

You have a wonderful state. As a matter of fact, I almost feel like I am in New Hampshire because of your natural resources, the rural area and the natural beauty that you all have—your work ethic. You have got it all together and enjoy it. I am a business guy for the last 32 years. I am a freshman and particularly happy to be among Chamber of Commerce people and the public and private sector of participation that all of you have shown and the hospitality.

Most important, you have a rural area with rural needs. We hear so much from cities and big states and all the big guys. We have got to hear from you and we have got to hear from New Hampshire as well. So, I am looking forward to your testimony and it is a real pleasure to be here in John Paul's district.

Mr. MINETA. Thank you very much. As Mr. Zeliff just mentioned, the cooperation between the public and private sector is very, very important. And this morning, we have a very distinguished first panel made up of Mr. Ed Warmack, President, Warmack and Company; Ross Pendergraft, Executive Vice President and Chief Operating Officer, Donrey Media Group and Mr. H. L. Hembree, Manager, Sugar Hill Partners.

And we are pleased to have all of you here with us this morning, and all of your statements will be made a part of the record. And so, if you would go ahead and give us your abbreviated version orally, we would appreciate it very much.

Mr. Warmack, I guess is the leadoff witness. Mr. Warmack.

## TESTIMONY OF ED WARMACK, PRESIDENT, WARMACK & CO.; ROSS PENDERGRAFT, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER, DONREY MEDIA GROUP; AND H.L. HEMBREE, MANAGER, SUGAR HILL PARTNERS

Mr. WARMACK. Chairman Mineta, Committee members and friends. A friend of one of my sons was pursuing employment. His first prerequisite was that the work calendar not include Friday and Saturday. Thanks to all of you for giving up your weekend to

be here in Fort Smith, Arkansas. John Paul continues to be of the "old school" and spends most of his weekends here in western Arkansas with his friends working. You know he does not have any enemies.

Some hundred years ago, our city's fathers tried, to no avail, to negotiate Fort Smith becoming a part of the Rock Island Railroad east-west arm between Memphis, Little Rock, Oklahoma City, Amarillo, Tucumcari, New Mexico and points west, with Fort Smith also being on the main line of the Kansas City Southern Railroad operating between Port Arthur, Beaumont, Shreveport, Texarkana, Fort Smith and Kansas City. Also, a division point was suggested for these railroads for Fort Smith.

With the city losing these two main lines, it is impossible to measure the amount of growth Fort Smith missed by not having these two advantages. We appreciate your Committee's approval of the Waldron Road project and solicit your consideration and help on the Phoenix Avenue extension project. We are most thankful to have Interstate 40 and 540, both having given relief to our local, as well as our through traffic.

We hope funds will be set aside for the construction of Interstate 49, or Mid-America Artery, as it possibly will be called, during the next allocation of funds for interstate road systems—north from Houston/New Orleans through Texarkana/Fort Smith, Kansas City and, of course, on to the Canadian line, which would give Fort Smith, Arkansas a tremendous boost. If funds are not available in the foreseeable future and your Committee feels that funds will be more readily available for this artery to be a toll road similar to those in Oklahoma, we would consider it a favor for you to advise us in order that we may expedite our requests for this to be a toll road.

Central Mall, the largest shopping complex in the state of Arkansas, was built in 1970. It continues to be a primary shopping facility in western Arkansas and eastern Oklahoma. There is no question that Fort Smith would become a larger retail market with the completion of the north/south interstate.

May we also call your attention to the fact that additional tourism would be generated, as well as added safety and quality of life.

Today, Fort Smith's household count is 28,200. With more than 85,000 people—that is hard for me to believe, but that is the figures that we have—more than 85,000 people coming to their jobs in Fort Smith every normal working day, and more than half of these from outside of Fort Smith, which creates congestion on our road systems.

During the first half of this century, the railroad main lines made that tremendous difference. Today, interstate road systems make that tremendous difference. Any improvement made in our road system would be most appreciated. We hope our highway needs and street requests are given favorable consideration. And again, I want to say thanks to you all for being here today and for all the help you have given us in the past.

Mr. MINETA. Thank you very much, Mr. Warmack.

Mr. Pendergraft.

Mr. PENDERGRAFT. Chairman Mineta, Congressman Hammerschmidt and distinguished members of this Committee. Thank you

for the opportunity to speak on behalf of the people of western Arkansas and eastern Oklahoma.

In 1975, the U.S. Department of Commerce predicted the next growth pattern for this nation. It said the cities of the 21st Century will be intermediate population centers of under 100,000 population with surface, air, rail and water transportation located within one day's truck travel of such major distribution points like Dallas, St. Louis, Memphis and Chicago. Additionally, these new American cities would have an abundant supply of low-cost energy, such as natural gas. The description totally fit only one American city in 1975, and that was Fort Smith, Arkansas.

Now, I invite your attention to what actually transpired during the past 15 years—from Knoxville, Tennessee to Nashville to Memphis to Little Rock to Fort Smith to Tulsa and to Oklahoma City. At intervals of approximately 125 miles to 200 miles clear across America, intermediate population cities have boomed economically and have recorded rapid population increases, particularly in the Sun Belt and the heartland of America. This growth has occurred along the interstate system and parallels the 1975 prediction by the Department of Commerce.

Despite creation, growth and development of perhaps a dozen major truck lines in this region, including the fifth largest commercial hauler in the United States, one gap in this growth pattern stands out. That gap, of course, is U.S. Highway 71 along the western border of Arkansas that generally has been neglected in the federal highway funding. This neglect has adversely impacted the people and economics of both western Arkansas and eastern Oklahoma for three decades.

For almost 40 years, the people of this region, their per capita income, their public safety and their overall standard of living have been the victims of that oversight by Congress in the 1950's. Relying on their own self-sufficiency, location and the natural resources of this region, the people of western Arkansas have made remarkable progress in literally pulling themselves up by their bootstraps. I do not have to tell you the homegrown and national corporations that have chosen to locate along this neglected transportation corridor, primarily because of the proximity to the population center of this country. Additionally, I would be less than truthful if I did not give you part of the credit—did not give part of the credit for Fort Smith's development during the past 15 years to the federal/state partnership that produced Interstate Highway 40, our east-west lifeline to much of America.

As the publisher of more than 50 newspapers in some 20 different states, my company, like most manufacturers, depends heavily on surface transportation of materials and supplies, not to mention distribution of our finished product. To an even greater degree than most other business enterprises, we are committed to the economic development of the communities we serve. Our success or failure and the level and quality of service we provide our readers depend on advertising revenues. Those revenues rise or fall in direct relationship with the economic health and total community effort. Certainly, we have a vested interest in expanding U.S. Highway 71 to interstate quality, but so do more than a quarter million readers of the three daily newspapers situated along this corridor.

I submit to you that in addition to the immediate and desperate needs of the people of western Arkansas—the business operators, professionals and workers alike—the entire country has a stake in surface transportation in this region, particularly between the Missouri line and Texarkana, Texas. The inferior quality of U.S. Highway 71 is a national defense concern. It is the missing link in our national distribution system for goods and services.

U.S. Highway 71 is a dangerous and outdated roadway that has claimed 122 human lives in just the past 48 months in this state. Just within 30 miles north and south of this city, between 1,000 and 1,500 traffic accidents have occurred in the same period of time. And between the Missouri state line to the north and Texarkana to the south, at least 1,000 men, women and children have sustained serious injuries that required hospitalization. A new highway of interstate quality can and will significantly reduce this needless bloodshed.

Now, there is one other project that I would like to speak to you about this morning, and that project is the Phoenix Avenue project here in Fort Smith. The city of Fort Smith has requested a special appropriations in the 1991 Surface Transportation Act to help fund the critically needed Phoenix Village project—Phoenix Avenue project. The $10.5 million Waldron Road project currently under construction was funded in part by a special $6.8 million appropriation in the 1987 Surface Transportation Act, and we thank you for that. The $12 million Phoenix Avenue project would extend Phoenix Avenue east from I-540 around the Fort Smith Airport and the Arkansas National Guard, connect with the new interstate at Mazzard Road at Rogers Avenue. The 3.1 mile Phoenix Avenue project is the only viable, practical and safe east-west alternative for heavily congested Rogers Avenue.

In conclusion, I beg you to do all you can and solicit your support to give the people of this region something I believe they should have been given when the first Interstate Highway Act was enacted: an even break with the rest of America to help themselves and their country. Do that and I can assure you that the people of western Arkansas and eastern Oklahoma will not let you down. Thank you.

Mr. MINETA. Thank you very much, Mr. Pendergraft.

Mr. Hembree.

Mr. HEMBREE. Chairman Mineta, Congressman Hammerschmidt and members of the Surface Transportation Subcommittee, I would like to thank you for coming to Fort Smith for the hearing and for allowing me the opportunity to speak with you on behalf of the citizens of this area. I am H. L. Hembree, Managing Partner of Sugar Hill Partners, and I have been involved in a variety of corporations throughout this nation for over 35 years. My primary interest and basis of operation have been here in western Arkansas, and in preparing for your visit, it occurred to me that throughout this period, we have been trying to get support for a decent north/south highway system throughout this area.

I extracted the following from a publication in November 1966 that stated, "H. L. Hembree, Secretary-Treasurer of the Sebastian County/Fort Smith Area Planning Commission showed slides and spoke of the make-up of the 21-county area represented by Arkan-

sas—Western Arkansas Development Association, which is chaired by J. Fred Patton. The purpose of this group is to further develop the plans for a turnpike from the Missouri line to Louisiana, running through western Arkansas section. Louisiana and Missouri are currently working on this project, the overall goal being to build the turnpike from Kansas City to New Orleans." Ladies and gentlemen, we are gathered here today, some 25 years later, discussing this very same subject. I have to believe there is a message here. Our economic growth has far exceeded the development of our transportation network. And today, the lack of a four-lane interstate highway system along this north/south corridor is a more serious problem today than ever before.

We are not talking about just a nice four-lane highway that runs through the area. We are talking about connecting middle America and the true economic growth in all the surrounding states. Highway safety is another major factor to be considered.

At one time, truck traffic going from Houston to Shreveport came through this area. Today, all of this area—all of this goes elsewhere at a much greater cost. The Kansas City to Shreveport run was the crux of the old Arkansas Motor Freightways system. The company was actually built on the success of this run. Today, not a single schedule for this company runs between these points. Trans-State Lines, which I am associated with today, will run eight to ten schedules daily between Forth Smith and Houston. I can imagine what it would mean to have this last segment completed between Fort Smith and Texarkana. We are most appreciative of the support and progress being made on U.S. 71 to the north. But until we get this connection to the south, we will never be able to open up middle America and be able to enhance the opportunities for business and industry along this corridor.

Only last week while driving on Interstate 40 enroute to Little Rock, I noticed the marked difference between the development on it versus State Highway 22 on the other side of the river. Plain and simple, the volume of traffic has made the difference. Accordingly, when driving on Highway 71, you see decayed motels due to the lack of traffic, as well as a lack of good restaurants. This situation should not exist since there are over 45 million people living in these Mid-America states. Many of these people are actually afraid to travel Highway 71 because it is narrow, crooked and they do not want to add to the large number of fatalities that continue to occur each year on these highways. We need your help to find a way to create a program where we can get this long-awaited project underway today. The next time I testify, hopefully before this Committee, I would love to say, "Thank you, ladies and gentlemen, for a job well done." Thank you.

Mr. MINETA. Thank you very much, Mr. Hembree.

Mr. Warmack, in your testimony, you referred to the possibility of placing tolls on an upgraded U.S. Highway 71 in this north-south corridor if this would facilitate its upgrade to interstate standards. Do you believe that the use of tolls would have widespread support in western Arkansas because of the tremendous need for making improvements in this north-south corridor?

Mr. WARMACK. I feel that we would probably follow in the same footsteps that Oklahoma has. There was some objection originally,

but now, it is all accepted and people appreciate the opportunity to have interstate quality roads to use. It now exists between 40 going on into Tulsa and from there on over to 35 north/south route and some—let me see—in the early 50's, there was a toll road built between Tulsa and Oklahoma City. Originally, it was not thought it would be used, but it was not but a short time until it was used extensively, accepted and no objections to that road, as far as I know—as far as the tolls on that road, as far as I know.

Mr. MINETA. Very well.

Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Well, I want to thank our three very distinguished witnesses. I notice that we have nine panels, Mr. Chairman, and I think I am going to forego any questions because your testimony is quite comprehensive. In the hopes that we can finish these hearings in time today, I think I will forego questions at this time. But thank you again, gentlemen, for your very helpful testimony.

Mr. MINETA. Mr. Rahall.

Mr. RAHALL. Thank you, Mr. Chairman——

Mr. MINETA. Excuse me. Before the panel runs off, let me see if any other members might have questions.

Mr. RAHALL. Let me just ask Mr. Hembree, if I might, one quick question. What do you consider to be the major factors that have been responsible for the lack of progress in making improvements to the north-south, U.S. 71, corridor 25 years after the meeting that you have referred to in your testimony?

Mr. HEMBREE. Oh, I do not know that there is a real simple single answer to it. Ross was just showing me earlier today a study made by a group that made the Oklahoma Turnpike studies years ago, and we found that we could build the whole road at that time for about $200 million between Oklahoma—I mean between Missouri and Louisiana. The big stumbling block at that time was a mountain down at Mena. I suspect the real reason that we have not been able to get an upgrade of 71 today is probably a lack of finances at probably both state and federal levels. But there are progress being made on them, but the highway is still a very dangerous highway. It is one that is just not very good for commercial transportation. And frankly, I do not like to drive it myself. I drove it yesterday coming up from Hot Springs, and I did not find it very enjoyable even then.

Mr. HAMMERSCHMIDT. Will my friend from West Virginia yield?

Mr. RAHALL. I would be glad to yield.

Mr. HAMMERSCHMIDT. Well, to make things relevant, H. L. mentioned that you could have built that road for about $200 million, and I would just remind my colleagues—so we will know where we are now—we have a very important unfinished gap of 71 from I-40 at Alma to Fayetteville, and the cost of what is left to be finished is about 165 million dollars for just that one segment, to put things in perspective.

Mr. MINETA. Mr. Shuster.

Mr. SHUSTER. I want to thank the panel for their very outstanding presentation.

Thank you, Mr. Chairman.

Mr. MINETA. Mr. Cramer.

Mr. CRAMER. I want to thank the panel. I have no questions, Mr. Chairman.

Mr. MINETA. Mr. Hancock.

Mr. HANCOCK. Just briefly, I would like to compliment Mr. Hembree for correctly pronouncing the name—the pronunciation of "Missouri." Everybody in Washington calls it "Missouri," but we know better down here, don't we? [Laughter.]

Mr. MINETA. Mr. Nichols.

Mr. NICHOLS. Thank you. I compliment you for the excellent presentation.

Mr. MINETA. Ms. Molinari.

Ms. MOLINARI. Just one quick question, Mr. Chairman, and I want to thank our panel for very exciting testimony. Would it be your suggestion with regard to these toll roads that the tolls be dissolved once the road is paid for?

Mr. WARMACK. I would hope so, yes.

Ms. MOLINARI. Do you all advocate toll structures to pay for the road that would be dissolved?

Mr. PENDERGRAFT. I happen to be a great believer in toll roads. I lived in Oklahoma at the time the toll road system was—the start of the toll road system there. We have seen the tremendous success of that program there. They originally built the Turner Turnpike between Tulsa and Oklahoma City that Mr. Warmack has mentioned—highly successful. They used that as a leverage to build the rest of the system.

Currently, there are four turnpike projects underway in Oklahoma, one of which will connect Tulsa with Siloam Springs, which points out the need for the extension of Highway 412. I think the people of this country will pay a reasonable toll to ride on a four-lane controlled access road as opposed to what we are driving on on Highway 71.

Ms. MOLINARI. Thank you.

Mr. HAMMERSCHMIDT. Will my colleague yield?

Ms. MOLINARI. Yes.

Mr. HAMMERSCHMIDT. Let me just comment about Oklahoma's toll roads. I am not very knowledgeable about those, except it appears to me that after the building of the Will Rogers Turnpike—that first one—they were going to cease and quit collecting the money. I think Oklahoma has experienced the fact that their toll roads have become cash cows. The real producers have become sources of revenue for their entire system, and therefore, they are allowed—now they are building toll roads that may not be as lucrative, but it is a major part of their whole network over there. Thank you.

Ms. MOLINARI. I agree, and thank you, Mr. Chairman.

Mr. MINETA. Mr. Zeliff.

Mr. ZELIFF. No questions, sir.

Mr. MINETA. Very well. Thank you very, very much. I appreciate it.

We are privileged to have the Chairman and the members of the State Highway Commission, as well as the Director, with us today. And I would like to call forward now Ronald E. Harrod, Chairman, Arkansas State Highway Commission; Mr. Bobby Hopper, member of the Arkansas State Highway Commission; Mr. Rodney Slater,

Vice Chairman, Arkansas State Highway Commission; Mr. L. W. "Bill" Clark, member, Arkansas State Highway Commission; Herby Branscum, Jr., member of Arkansas State Highway Commission; as well as Mr. Maurice Smith, Director of Highways and Transportation, Arkansas State Highway Commission.

We are pleased to have all of you with us. Your statements will be made a part of the record. And Mr. Chairman—Chairman Harrod, if you would go ahead and make your oral presentation.

**TESTIMONY OF RONALD E. HARROD, CHAIRMAN, ARKANSAS STATE HIGHWAY COMMISSION; MAURICE SMITH, DIRECTOR OF HIGHWAYS AND TRANSPORTATION, ARKANSAS STATE HIGHWAY COMMISSION, AND BOBBY HOPPER, MEMBER, ARKANSAS STATE HIGHWAY COMMISSION**

Mr. HARROD. Thank you, Mr. Chairman and members of the Committee. We appreciate this opportunity——

Mr. MINETA. Mr. Harrod, could you pull up your mike maybe a little closer to yourself. Thank you, sir.

Mr. HARROD. Is that better?

Mr. MINETA. Yes, sir.

Mr. HARROD. Mr. Chairman and members of the committee, we appreciate this opportunity to present our concerns and discuss issues with you as they relate to the reauthorization of the Federal Transportation Assistance Program. There will be three of us presenting these issues as they affect the Arkansas Highway and Transportation Department. I am Ron Harrod, Chairman of the Arkansas Highway Commission. Following my presentation will be Maurice Smith, Director of the Arkansas Highway and Transportation Department and Bobby Hopper, a commissioner from Springdale, Arkansas. We will be brief, but very specific about the transportation needs in Arkansas and how the issues involved with the reauthorization of the Federal Transportation Assistance Program will affect us.

Our general needs study has resulted in the following conclusions:

A recent in-depth needs study shows our system is wearing out at an alarming rate. Also, we are having difficulty making improvements on our major travel corridors so that Arkansas can compete for industrial expansion and economic development.

In order to keep with these—excuse me—in order to help with these problems, the Arkansas legislature recently approved a 2.5 billion dollars, 15-year improvement program. This program is critically dependent upon substantial amounts of federal assistance. It is not a cure-all. It will provide only for our most critical and pressing problems. Arkansas has an extremely large highway system, the 16th largest in the nation. Forty-six percent is in poor condition and 34 percent is in fair condition and needs improvement to prevent further deterioration.

We were one of the first states to complete our interstate system. And as a result, it is now deteriorating at a rapid rate. A new financially responsive Federal Surface Transportation Program is essential to deal with these needs. Our roadway and bridge status is this—over 90 percent of our system is only two-lane, many of

which are more narrow than current standards permit. Traffic volume and safety problems are escalating, and more importantly, the number of heavy trucks is increasing. Twenty-five percent of the bridges on the state highway system are inadequate. Many are incapable of carrying the 80,000 pound maximum load limit.

Also, there is a compelling need to expand our four-lane system to allow existing industries to expand and new industries to locate in our rural areas. An expanded four-lane system will also accommodate our growing tourism industry. Our needs study indicate that over seven billion dollars is needed over the next ten years. The new legislative program will provide 2.5 billion dollars. We are heavily dependent upon increased federal funding to help supplement our efforts.

There is another important aspect that must be addressed in the new bill. The—there is—the new Federal Transportation Act—there is something I would like to mention. There needs to be a provision in the next transportation act that provides funds for highways to help revitalize the economy of the lower Mississippi River Delta region. Following the recommendations of the congressionally appointed lower Mississippi River Delta Development Commission, action is already underway.

Progress is being made on the Great River Road. A seven-state consortium is meeting this Friday to pursue the study's recommendations. Delta states are contributing their own resources to help provide transportation improvements. Arkansas' new program targets a significant portion of the new revenue for the Delta. We need your help to assist this effort by providing a source of federal funding similar to the Appalachia Regional Commission.

In closing, thank you, Mr. Chairman. I would now like to ask our Director, Mr. Maurice Smith, to discuss with you some specific issues that must be dealt with in the new Federal Transportation Act.

Mr. MINETA. Thank you, Mr. Chairman.

Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman, members of the Committee. There are several issues now being discussed in Congress, AASHTO, the U. S. Department of Transportation and many other organizations that will have a serious effect and impact on our ability to provide an adequate transportation system for our state. I would appreciate your serious consideration for what I will be presenting as you develop this new Transportation Act.

First is a matter of matching ratios. There are a number of provisions in the proposed legislation that seriously concern us. We agree that the federal government should concentrate its efforts on a national highway system and should provide flexibility and less rigid requirements. We do not agree, however, that the federal government should force the states to increase their investment through increasing their match on various projects. We support a 90 percent share on the national highway system of roads and bridges, and at least 75 percent share on the proposed urban/rural program for bridges, and this system is eligible for 80 percent federal funds. In order to improve and encourage safety, we think the federal share should remain at 90 percent.

We support AASHTO's proposal that divides the money on a 50/50 split between the national highway system and the urban/rural program and a 20 percent transfer position. This is much more responsive to Arkansas' needs than the Administration's proposed legislation, which recommends 67 percent for the national system and 33 for the urban and rural projects. The AASHTO proposal also contains an 85 percent minimum allocation provision for the national system and 100 percent return on the flexible portion of the program. This would provide Arkansas with about 95 percent return on its contributions. Anything less will continue the same inequitable, unacceptable distribution we are now enduring.

Based on 1990 statistics, we receive only 72 cents of each dollar our motorists contribute to the highway trust fund. We are a poor state. Also because of our heavy motor fuel consumption, we contribute more to the highway trust fund than many other states. We are currently subsidizing other states' highway and transit improvements, while our unfunded needs continue to grow. Under the Administration's proposed legislation, we would still be a donor state, but to a lesser degree.

To ensure that past inequities do not occur or re-occur, we would like to see the next Surface Transportation Act include a 95 percent minimum allocation provision for all states. Our situation with the mass transit account is a major disgrace and it is getting worse. With the latest increase in motor fuel taxes, Arkansas motorists are paying 26 million dollars into this fund and get less than a million dollars back. This is less than three percent of every dollar that we send there. UMTA is simply too dominated by the big city transit systems. While people in the major metropolitan areas are enjoying the luxury of sophisticated subways, sleek bus systems, transportation dependent people are suffering economic deprivation for a lack of adequate mobility. The entire allocation process must deal more fairly with the needs of our rural states.

The solutions are to reduce discretionary grants and distribute mass transit account proceeds through the allocation formulas that provides for rural needs. If this is not possible, then provide a 75 percent minimum allocation provision so that rural states can deal with their mobility problems. The AASHTO proposal that would be acceptable to Arkansas, it provides more money to rural states through fair allocation formulas. It provides increased funding. It provides greater flexibility in the use of these funds. The Administration proposal for the revision of the UMTA program is unacceptable. It still overwhelmingly favors the big cities. It does not provide significantly increased funding for rural public transportation needs.

The first goal of our new Federal Transportation Program must be to preserve our existing system. AASHTO and FHWA studies document conclusively that the major contributor to highway deterioration is extensive use of the highways by heavy trucks. Obviously, states with heavy truck concentration will have higher rehabilitation costs than those with lighter concentrations. Therefore, there must be a factor in the allocation formula that reflects the impact of heavy trucks within the various states.

While it may not be perfect, we think that diesel fuel consumption within the various states is currently the most adequate indi-

cator of heavy truck usage. We think the allocation formula in the Administration's proposed legislation is a step in the right direction since 70 percent of the allocation is based on the usage of motor fuel. In order for this formula to be more responsible and equitable, we recommend that motor fuel portion of the formula be further refined to provide 35 percent based on gasoline consumption and 35 percent on diesel fuel consumption. Not only would this account for the heavy trucks, but would provide a strong incentive to crack down on evasion, which should further increase our revenues.

Because of the large concentration of trucks in our state—— highways and bridges—we would greatly be impacted by any changes in the increase in lengths or weights of these trucks. We strongly recommend no changes be made to increase either the truck weight or the length limits.

Thank you, gentlemen and lady, for your attention to these issues. Now, I would like to present to you Commissioner Bobby Hopper, who will discuss an issue that is very critical to us.

Mr. MINETA. Mr. Hopper.

Mr. HOPPER. Mr. Chairman and members of the committee, my name is Bobby Hopper. I live and work in northwest Arkansas. This is the fastest growing area in Arkansas, as well as the region. We are the home of Wal-Mart, Tyson, Whirlpool, Rheem, Ballard Electric and numerous other industries, as well as major truck lines. All of these industries are heavily dependent upon major safe and efficient highways.

The issue that is most critical to me and the people I represent is the size of the proposed national highway system. Our area is badly underserved by major highways. It is critical that adequate mileage be provided on the federal aid system so that we can get to I-40 in the south, the Oklahoma system to the west, the Missouri interstate system to the north and I-55 to our east.

The current FHWA proposal would only provide about 2,000 miles for our entire state. This is simply too small to provide for what we need. The states need the flexibility to determine the size of their system. The old way that provides four percent of the rural system and ten percent of the urban system is still the best. It would provide about 3,500 miles in Arkansas that would qualify for federal aid for major highways. This works well for Arkansas. It would reduce the national system some, but would still cover most of our major traveled corridors. Instead of a maximum of a 150,000-mile system, we recommend a 200,000-mile system to accommodate states' needs and resolve this needless controversial issue.

In addition to adequate mileage on the proposed system, we need adequate funding. It just does not make good sense to have billions of dollars set in the highway trust fund, while industry and tourists are being stifled because of lack of road funds. The trust fund balance must be drawn down now and this money put into the roads where it was intended and committed. Also, the idea of using the highway trust fund and fuel tax increases to make the deficit look better is self-defeating. It hurts our economy, as well as the national economy. We ask you to stop using this method to balance the budget.

Finally, we would like to deal with expensive federal red tape. Both AASHTO and the Administration's legislative proposal have good ideas for this. Wetland policies, rigid standards, relocation requirements and volume regulations all combine to stretch out the time it takes to get a project to contract and increase the costs at an unbelievable rate. It is time to fix this problem now. There are a lot of good ideas for doing this. We think it is crucial to the future Federal Transportation Program to put them into effect.

In closing, on behalf of the Arkansas Highway Commission and Department, I want to thank you for coming to Fort Smith to hear our ideas. Please consider our recommendations, especially for matching ratios, mileage on the national system, funding split between the national program and the urban/rural program and the minimum allocation provision for highways and transit. Thank you for giving us this important opportunity.

Mr. MINETA. Thank you very much, Mr. Hooper, Mr. Chairman, Mr. Smith. First of all, let me ask, did Arkansas submit a map as part of the submission requested by the Federal Highway Administration when the—in the preparation by the Federal Highway Administration for their highways of national significance, or rather, national highway system? Did Arkansas, as part of that request, submit a map as to what they would like to see included as part of the highway system?

Mr. SMITH. Yes.

Mr. MINETA. And roughly, how many miles was that?

Mr. SMITH. About 3,500 miles.

Mr. MINETA. About 3,500 miles. Now, if we are to make this program completely flexible, as the Administration's program has the urban pot, the rural pot and then, it has the bridge pot. If we are to make this completely flexible with the only condition being that they be distributed fairly and equitably between rural and urban areas, how do you envision that the State of Arkansas would split that portion to be fairly and equitably distributed? I am wondering in your view, should the urban and secondary system designations be maintained? Mr. Smith or Chairman Harrod.

Mr. HARROD. I would think they should be maintained, and our allocation between rural and urban have been on equal footing and we have many backlogs and needs in both of those categories currently.

Mr. MINETA. And we should maintain the bridge category as a separate category?

Mr. SMITH. Yes sir, I think so.

Mr. MINETA. And not integrated as one of the eligible programs under the new highway bill. Very well.

Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you very much, gentlemen, for your appearance and for your fine testimony. Just to pursue Mr. Mineta's question a little further, you know, the Administration's proposal on the mileage for the National Highway System is about 150,000 miles. If it was raised to 200,000 miles, as you have suggested in your testimony, could you support a higher split in funding in rural/urban away from 50/50? Could you go toward that 67/33 percent split, or have you considered that?

Mr. SMITH. How much transferability would we have?

Mr. HAMMERSCHMIDT. Well, we are moving toward giving a considerable amount. We are looking at the flexibility and transferability, but I do not know. But that would depend on the transferability, I guess.

Mr. SMITH. Yes, sir. If we could have a 50/50 split on the transferability and a 50 percent——

Mr. HAMMERSCHMIDT. So, you would want to move more toward transferability if you yielded more toward the split?

Mr. SMITH. Right.

Mr. HAMMERSCHMIDT. I can understand.

On another subject, you support a funding formula for the national highway system divided on the fuel factor of 35 percent on gasoline and 35 percent on diesel fuel. Since the gasoline consumption factor has been criticized as encouraging fuel use by automobile drivers, could you support a fuel factor based on diesel fuel use only?

Mr. SMITH. Well, I have not given it—from my—personally, I have not given that any thought. I assumed that we were going to use both.

Mr. HAMMERSCHMIDT. It might be helpful to us if you would supply us a response for the record so we get your views on that because that is something that we are looking at in the allocation formulas.

Mr. SMITH. We would be glad to, sir.

Mr. HAMMERSCHMIDT. I might say, I think all of you gentlemen know that you are preaching to the choir on getting the money out of the trust fund. We have tried every way in the world to do that. You know, we have been spending about 12 billion dollars a year out of the trust fund for the last several years. Now, with the new 2.5 cents a gallon tax going into the trust fund and 2.5 cents going toward the deficit reduction for at least two more years, we are now going to spend 85 billion dollars over the next five years—about 17 billion dollars a year, which of course, will be an increase proportionately, according to how we write the bill and how the allocation formula works. So, we are moving in the right direction, but of course, we want to get that figure on up to about 20 billion if we can, and the only way we can do that is to get money out of the highway trust fund—use the money for what it was paid in for in the first place. So, we totally support your views on that.

I will not take time to ask any more questions, but because of your official position and your very great knowledge, we might submit questions to you for the record so we can get it into our record, if we may.

Mr. SMITH. We would be happy to. Thank you, sir.

Mr. HAMMERSCHMIDT. Thank you very much.

[The following was received from Mr. Smith:]

ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT,
*Little Rock, AR, May 15, 1991.*

Hon. JOHN PAUL HAMMERSCHMIDT,
*Member of Congress,*
*Washington, DC.*

Dear Congressman Hammerschmidt: During the field hearing on Surface Transportation Programs held last month in Fort Smith, you asked for our views on the use of diesel fuel as a factor in future apportionment formulas.

You may recall that 70% of the administration's proposed allocation formula would be based upon the state's motor fuel sales. It was our suggestion that this 70% be further broken down so that 35% would be based on gasoline sales and 35% on diesel sales to reflect the impact of heavy trucks.

During the hearing, you asked me if I thought the entire 70% portion should be based on diesel sales. While this would work very well for Arkansas, since we have a disproportionate share of heavy trucks impacting our pavements and bridges, it would not be responsive to states with high traffic volumes that depend on apportionment formulas to provide funding for additional lane capacity. Because of this, we thought the 35%-35% breakdown would more equitably accommodate both needs.

We appreciate your interest in seeking elaboration on this point because we think it is a major issue that should be dealt with equitably in the new Transportation Act. We would welcome the opportunity to work closely with you and your staff on additional issues as they develop.

Sincerely,

MAURICE SMITH,
*Director of Highways and Transportation.*

Mr. MINETA. Mr. Shuster.

Mr. SHUSTER. Thank you very much for your excellent testimony.

Mr. MINETA. Any other members of the panel who wish to ask questions of our distinguished panel? If not, again, thank you very, very much. I appreciate it.

I would now like to call on Mr. Joe Powers, Chairman, Fort Smith Chamber of Commerce; Mr. Robert E. (Swede) Lee, President, Texarkana Chamber of Commerce; James Regnier, Past-President, Waldron Chamber of Commerce; Jerry Montgomery, Major of the City of Mena and L. P. Renard, Chairman, Industrial Development Committee, Nashville Chamber of Commerce, Nashville, Arkansas.

We are pleased to have all of you here before us today. And Mr. Powers, we want to thank you very, very much for your hospitality. I hope you are feeling a little better from—you missed last night's great party, but we appreciate very much the hosting of these events and the hospitality that has been shown to us by members of your Chamber. So, all of your statements will be made a part of the record, and if you would go ahead and proceed in your own fashion.

**TESTIMONY OF JOE POWERS, CHAIRMAN, FORT SMITH CHAMBER OF COMMERCE; ROBERT E. [SWEDE] LEE, PRESIDENT, TEXARKANA CHAMBER OF COMMERCE; JAMES REGNIER, PAST-PRESIDENT, WALDRON CHAMBER OF COMMERCE; JERRY MONTGOMERY, MAYOR, CITY OF MENA AND L.P. RENARD, CHAIRMAN, INDUSTRIAL DEVELOPMENT COMMITTEE, NASHVILLE CHAMBER OF COMMERCE**

Mr. POWERS. Chairman Mineta, Congressman Hammerschmidt and members of the Surface Transportation Committee, I am Joe Powers, Chairman of the Board of the Fort Smith Chamber of Commerce. We sincerely appreciate you coming to Fort Smith to hold this important public hearing and want you to know that we consider it a distinct honor for the citizens in our area.

Our Number one priority for discussion here today has to be the upgrading of Highway 71 from Kansas City, Missouri to Shreveport, Louisiana. This north-south corridor is absolutely essential for the economic growth and development of mid-America. This is not just an isolated and localized need. It is the connecting link from

Canada to the Gulf of Mexico that allows mid-America to compete in the international market. There are eleven states in this central part of the United States which account for more than 45 million people. We are grateful for the progress being made on Highway 71 to the north, but there is an absolute void when it comes to connecting Fort Smith with Texarkana, which would complete the missing link in this north-south corridor.

We have over 200 manufacturers in this local area, but their just-in-time production schedules puts tremendous pressure on the motor freight carriers to provide fast, reliable service. Again, local carriers are handicapped in their efforts to deliver goods in Missouri, Texas and Louisiana in a timely manner. Local manufacturers are also hampered when their production schedules depend on the timely receipt of raw materials from those markets. This is a distinct drawback when it comes to recruiting industrial prospects. We are right in the middle of a tremendous gap in the existing north-south interstate system.

We need this four-lane through here not only for economic growth and development, but also in the interest of national defense. There are 12 to 15 military installations located in our surrounding states, and our narrow two-lane, winding roads are hardly safe for hauling weapons systems and support equipment between them. We believe that this particular segment of highway is a critical part of the national highway system and should be given a higher priority in the interest of the nation's welfare and defense.

I would like to shift to some comments regarding the Surface Transportation Assistance Act of 1991. Now, please keep in mind that I am in the banking business and I am not a transportation specialist. But however, I would like to urge you to consider the following:

Number one, to maintain the federal aid urban system and other categorical funding programs rather than combine many of them in a new urban/rural program.

Number two, maintain the current funding match ratios, rather than reduce the federal share, while increasing the state local share.

Number three, if the urban/rural program is implemented, develop a mechanism to ensure that the various states do not establish a competitive environment, not only between the urban and rural areas, but also among the urbanized areas within the state.

Number four, strong support should be given to the retention of the interstate program as is proposed by the Act. This program would present the best method of funding and building the southern extension of U.S. Highway 71 as a four-lane controlled access facility. If it is not identified as an interstate highway, it would go into the larger group of projects under the urban/rural program which could become a competitive program and weaken the timely completion of the U.S. 71 project.

Number five, if the act is passed as is proposed, there is a section of the act that enables the designation and funding of scenic highways. The significance of this section is that the existing U.S. 71 could become eligible for such a designation once the new highway between Fayetteville and Van Buren/Fort Smith is completed.

Such a designation would help mitigate the economic losses that are likely to occur along the old highway due to the decrease in traffic and usage. This designation and the subsequent improvements to the highway would create a parkway environment similar to the Blue Ridge Parkway and serve as a catalyst for the continued economic activity, as well as new development that would support the increasing tourism industry.

And Number six, under the proposed act, there are several funds for innovative research projects. These funds would be available for both planning and construction. Hopefully, Fort Smith could pursue these funds in an attempt to resolve the growing traffic problems on our main thoroughfare, Rogers Avenue. Fort Smith has submitted the Phoenix Avenue extension project as a partial solution to this existing problem. Your support here would be greatly appreciated.

In summary, the need for an upgraded U.S. Highway 71 has been clearly documented for several years. In the interest of public highway safety, the injuries and fatalities are totally unacceptable with individual motorists and motor freight carriers using tandem tractor-trailer rigs, driving these narrow, winding, two-lane roads to haul everything from chickens to hazardous material. We meet the criteria to be a part of the highway—national highway system. And hopefully, we are convincing you that there is an urgent need to complete this last gap in the north-south corridor without further delay.

The old-timers down here used to tell us the way to solve a problem, you must first pick up a pencil or take the first step. Well, ladies and gentlemen, we have reached that point where we simply must take the first step and make that four-lane highway a reality, and we need to do it now.

Once again, I do want to thank you for conducting your meeting here in Fort Smith. I appreciate all of the nice compliments, Mr. Chairman, about our Chamber. We are excited about having you here. And thank you for allowing me to have the opportunity to speak with you.

Mr. MINETA. Thank you very much.

Mr. Lee.

Mr. LEE. Thank you, Mr. Chairman. My name is Robert E. Lee. I am the President of the Texarkana Chamber of Commerce. The Texarkana Chamber is somewhat unique in that we serve two cities; Texarkana, Texas and Texarkana, Arkansas. The Texarkana Chamber of Commerce is also the headquarters of the Mid-America Connection Compact, which had its birth in 1986 at a meeting held and sponsored by our Chamber in Texarkana in July of 1989—excuse me. And some representatives from six states attended that meeting with about 150 or 160 people to demonstrate and plan and show support for the Highway 71 upgrade.

Today, MAC-PAC is an organization of over 900 members from ten states in our nation's heartland. They all share at least one common goal, the upgrade of U.S. Highway 71 between Kansas City, Missouri and Shreveport, Louisiana to a four-lane controlled access highway.

On behalf of Texarkana and MAC-PAC, I would like to express my appreciation to Chairman Mineta and all of the members of the Committee for holding this field hearing.

First, I would like to call the Committee's attention to the Kansas City, Missouri to Shreveport, Louisiana multi-state freeway corridor study. This study was prepared in response to the Federal Aid Highway Act of 1987. It was completed in December 1987 and approved by the U.S. Department of Transportation in April 1988. The written testimony I have submitted includes six major functions the proposed freeway would provide. However, to save time, I will address only two here.

First, the proposed freeway would connect I-29 and I-35 in Kansas City with U.S. Highway 59 at Texarkana and I-49 in Shreveport, which would then provide the best possible route from the Canadian border and the Great Lakes to the ports of Houston and New Orleans. Secondly, it would enhance our national defense by replacing some 250 miles of U.S. Highway 71, which is now two-lane, in the states of Missouri, Louisiana and Arkansas, which currently serve 13 major military installations.

Secondly, I would like to call attention to the Surface Transportation Act of 1991. This act calls for the establishment of a national highway system, as you have discussed at length today. Section 102(a) of this act describes the national highway system to provide an interconnected system of principal arterial routes which will serve major population centers, ports, airports and international border crossings; meet national defense requirements and serve interstate and interregional travel.

The Kansas City to Shreveport corridor study clearly demonstrates that U.S. Highway 71 meets every requirement for inclusion in the national highway system. The U.S. Department of Transportation, by approval of the feasibility study, documents that this highway in its present condition cannot fill its appropriate role in the national highway system.

Finally, like others on the panel today, I would like to call attention to safety. Just this last Friday, April the 20th, I received the latest accident data from the Arkansas Highway Department. In 1989, in Arkansas alone, there were 3,010 accidents, 1,602 injuries and 34 deaths on Highway 71 within the State of Arkansas. This is up substantially from the 800 injuries and 2,039 accidents reported in the 1987 feasibility study.

We request that this committee carefully review the funding formula for construction of national highway system highways proposed in the Surface Transportation Act of 1991. This act provides only one, as I understand it, federal/state ratio of funding. Under such a plan, individual states are almost certain to use available funds to address politically expedient intrastate projects before those truly needed and truly of national significance.

Certain segments of the national highway system are just as critical to the nation's defense and general welfare as the interstate highway system was when it was designed. We believe the Surface Transportation Act of 1991 should provide funding for qualified multi-state segments of the national highway system at the same level as interstate highways. This will prevent a single State from

delaying construction of a highway with multi-state and national benefits.

The case for upgrading U.S. Highway 71 to at least a four-lane divided highway with full access control in urban areas is clearly documented. The DOT approved feasibility study, coupled with the criteria for inclusion in the national highway system, makes it evident that upgrading Highway 71 cannot be allowed to wait any longer.

There are 45 million people who reside in the eleven states that this corridor would serve from the Canadian border to the Gulf. There are, in fact, 20 million Americans who live within 50 miles of either side of the highways that make up this corridor. For all of them, I thank you, members of the Committee, for holding this hearing today.

Mr. MINETA. Thank you very much, Mr. Lee.

Mr. Regnier.

Mr. REGNIER. Thank you. I am Jim Regnier, and I am from Waldron, Arkansas, which is about 45 miles south of Fort Smith here.

A four-lane highway down the corridor of western Arkansas is what we need. There can be little argument that our interstate systems have reduced the number of accidents and made travel much more efficient, as well as safer. But for those areas which do not have immediate access to a four-lane highway, the prospects for economic growth are much gloomier. We in Waldron, Arkansas can testify to that statement, as we have seen several prospects choose development sites along I-40 during the past several years, rather than on Highway 71.

Why do the people of our area, Scott County, need economic growth?

Scott County has been ranked in the lowest 20 percent for per capita income in the U.S. for 1950, 1959, 1969 and 1979. Poverty is persistent and the first requirement is jobs for our people. The opening of western Arkansas would give us the opportunity to attract those jobs.

Scott County has a total population of approximately 10,500 people, and the only community of any size has a population of roughly 3,000 of that total. Rural communities are often heavily dependent on a single industry for economic viability. In order to protect the area from swings in business cycles, we must attract a diversity of industry. But any industry must have a means of moving its product to market. A four-lane system will provide such a means.

The residents of Scott County are particularly dependent on roads. Arkansas ranks 15th nationally, with 911 of every 1,000 licensed to drive. The four-lane would open up our county and make travel much safer and more efficient to those numbers who must seek jobs elsewhere, such as in Fort Smith.

Waldron and Scott County enjoy an excellent modern healthcare system. However, when specialists or special services are demanded, the result is a 45-mile trip over what must be one of the poorest stretches of U.S. highway in the nation.

Scott County and Waldron have always taken great pride in their public schools. However, we see many of our graduates leaving to find jobs, and particularly, many of our brightest young

people have no choice but to leave. We must create jobs which will provide an opportunity for those young people to remain and help continue to build.

Even with the lack of industry and jobs, we do see the Waldron area continue to grow. We are surrounded by Ouachita Mountains with several large mountain ridges traversing the county, and we are certainly one of the most beautiful areas in the nation. In a state which counts tourism as a major economic force, this four-lane system would traverse one of the most scenic vistas in the state and make it accessible to tourism more than ever.

Western Arkansas has the ingredients for the explosion of growth that northwestern Arkansas has been experiencing. We have an attractive tax base, a pleasant climate, an available work force with a strong work ethic, a scenic countryside and ample power and water to support growth. A four-lane system will provide the access to this area which is just beginning to witness the influx of people.

Major industries in Scott County include one of the largest Tyson production plants, Sampling Technology, Inc., which is a leader in world production of air monitoring equipment, and we also have other large agriculture and timber industries. Other smaller industries share with these a need for access today, a need which will continue to grow.

Along with our citizens, I strongly commend Representative Hammerschmidt for his foresight in seeing the urgent need for this project and for his efforts to provide for this development. Thank you.

Mr. MINETA. Thank you very much.

Mr. Montgomery, the Mayor of the City of Mena.

Mr. MONTGOMERY. Thank you. Mr. Chairman and members of the Committee, I am Jerry Montgomery, Mayor of the City of Mena, Arkansas. Mena is located in west central Arkansas and has a population of 5,500, with an estimated trade area of 25,000. On behalf of myself, the city council and all the citizens of Mena, I sincerely express our gratitude for the opportunity to appear before this distinguished committee.

In our search for industries to locate in our area, we have found that most companies prefer to locate in an area no more than 30 miles from an interstate or four-lane highway system. The nearest interstate highway to Mena is approximately 80 miles away. Studies by the Missouri Department of Economic Development show that transportation is the third most important factor to companies considering a location. Studies by the Arkansas State Highway and Transportation Department revealed that the second highest commodity desire flow patterns through the state occur from the Kansas City area southward toward the Gulf of Mexico. Kansas City is one of the largest interior foreign trade zones in the country and a major benefit of an improved four-lane divided highway with limited access control would be to increase the exporting products produced in western Missouri and the central States to the Gulf of Mexico port of New Orleans.

The western side of Arkansas was excluded in the development of a four-lane interstate program, and this has had an adverse effect on our economic growth because of an inadequate transporta-

tion system through our region of the state. Four of the state's largest employers, Emerson Electric, Wal-Mart, J. B. Hunt Transport and Tyson Foods, are very heavy users of U.S. Highway 71.

In our area of the State, tourism, which affects our local economy by creating thousands of jobs, is highly dependent upon quality highways. It is a known fact that many tourists and vacationers bypass our beautiful region simply because the highway system is inadequate and dangerous. The magnet to entice tourists to the numerous lakes and rivers is an improved U.S. Highway 71, which would assist in the full development of both natural and human resources. The existing Highway 71 in western Arkansas is a two-lane highway, serving a high traffic volume and insufficient passing sight distances. Motorists must contend with steep inclines and segments of highway that have a narrow surface with a ten feet per lane and no shoulders. Motorists' safety is a major issue on this existing north-south route. Sections of the existing two-lane Highway 71 has a current annual average of six accidents per mile, resulting in 3.2 injuries per mile and one death every 4.7 miles.

Considering lead and construction time and budgetary constraints faced by Congress, I feel a practical approach would be to upgrade Highway 71 to a four-lane divided highway with limited access control. This approach would avoid much of the expense of planning new routes, acquiring expensive right-of-way and minimize environmental impact studies and effects. An entirely new interstate system would not likely be completed within my lifetime, whereas an improved Highway 71 would give Mena and Polk County much needed relief in a shorter period of time.

In closing, I want to thank Congressman Hammerschmidt for the opportunity to appear before you and give you this message from our people. Western Arkansas is such a beautiful part of our country, and I sincerely hope you enjoy your visit.

Mr. MINETA. Thank you very much, Mr. Mayor.

Mr. Renard.

Mr. RENARD. Chairman Mineta, Subcommittee members, thank you for being here today and thank you for giving me a chance to give testimony to this Subcommittee. I am L. P. (Larry) Renard, Chairman of the Industrial Development Committee of Nashville, Arkansas Chamber of Commerce. I am also Chairman of the Industrial Association of Nashville. Nashville is located approximately 50 miles north-northeast of Texarkana and about 20 miles east of Highway 71 in the southwest part of Arkansas.

I am employed full-time as President and General Manager of Briar Gypsum, and that is the job that pays my salary and pays my expenses to travel here today. I am a native of Kansas, born and raised in Concordia. I have been in southwest Arkansas since 1951. I do considerable traveling in my business and I do considerable business in some of your states.

Just recently, I have been in Huntsville, Alabama; I have been in Kansas City; I have been in St. Louis; I have been in Washington, D.C., Virginia, New York, New Hampshire, where we do business, and I travel many of those roads and those States and ship into those States.

The people I am representing in Nashville, Howard County, Arkansas and southwest Arkansas support the construction of Inter-

state Highway 49 and/or Highway 71 Corridor. We even go so far as to say we support increased taxes for the construction and improvement of the highway system.

Southwest Arkansas has decent interstate high connections to the southwest and the northeast portions of the United States using Interstate 30. We have fair interstate connections to the east and southeast parts of the United States going to Shreveport and using Interstate 20. But our connections to the south are poor and to the north, very poor. This 71 Corridor and the feeder roads that will run into it will provide us a much safer highway system to the north and to the south.

Nashville and Howard County, the area I represent, has experienced considerable industrial growth in the last several years. Nashville is a town of approximately 4,500 people, and we have over 3,000 employees working in our industrial facilities. Our traffic is bumper to bumper in the morning and in the evenings. The industrial plants have been asked to stagger their starting and quitting times to help the traffic situation.

Our inbound, as well as our outbound truck traffic, is heavy. The business I represent ships an average of 40 semi-trailer truckloads of material every day. Potential customers in the northwest part of Arkansas tell us it is easier, cheaper and better for them to bring their material in from western Oklahoma, which is over 100 miles further away, rather than to buy from us and haul north on U.S. Highway 71.

There have been several studies and committee hearings regarding improving highways, and the people I represent have given testimony supporting improved highways each time. The three studies I am familiar with are "Transportation 2020," which was a federal committee that held hearings and was supposed to develop a consensus on a national transportation plan to meet America's needs in the 21st Century. The second was the Arkansas State Highway Department's "Economic Development Corridor Improvement" concept. This concept proposed connecting all cities in Arkansas with a population of 10,000 or more with a four-lane highway and connecting all cities with a population of 5,000 or more with a four-lane highway within 20 years. The third was an outgrowth of the second and was "An Economic Impact Study Intrastate Corridor System 1990 to 2010." All of these studies recommended Interstate 49 and/or the Highway 71 Corridor, and we in the Nashville area support those conclusions.

If you have not, I highly recommend to you as a member of this Committee, that you obtain a copy and read the "Economic Impact Study Intrastate Corridor System 1990–2010" by the Southwest Arkansas Planning and Development District. This study does an excellent job reviewing the economic impact of the Highway 71 Corridor.

Our aim and goal in Arkansas and Howard County is to raise the standard of living of our community, and we just happen to believe this can best be accomplished by industrial development, while maintaining our rural atmosphere and protecting the environment.

Thank you for being here today and thank you for giving me the opportunity to give this testimony.

Mr. MINETA. Thank you very much, Mr. Renard. Is that an extra copy of that economic impact study?

Mr. RENARD. It is my personal copy, but I would be glad to give it to you and I can get another copy and get copies for any member of the Committee that would like to have one.

Mr. MINETA. That would be fine.

[The study referred to, "An Economic Impact Study, 1990/2010, Interstate Corridor System, Southwest Arkansas Planning & Development District, Inc." was received for the record and appears beginning on 2423.]

On this whole issue involving the 71 Corridor, the north-south corridor, is there any data regarding the highway percentage of truck traffic as opposed to automobile traffic, and if the highway were expanded, would you expect those ratios to continue or would you expect one mode to increase over the other? Would anyone like to venture an opinion on that issue? Swede?

Mr. LEE. I think that data is included in the feasibility study that was prepared for Congress. My memory says that the truck traffic would comprise about 25 percent, but I know the data is in a part—is a part of the feasibility study.

Mr. MINETA. And are the other communities in, let us say, Missouri, Oklahoma, Texas as committed to the development of this north-south corridor as all of you here in Arkansas seem to be committed to it? Swede, maybe from your perspective—for the Mid-America Compact you were talking about, have you found that kind of enthusiasm for this, Mr. Lee.

Mr. LEE. The enthusiasm along the eastern corridor of Oklahoma is certainly in strong support of this project. And we have had—we have on record all the way from Houston, Humboldt, Gulf Coast area up Highway 59, which is being upgraded to a four-lane controlled access facility and is almost completed from Texarkana to Houston. And the Texas Highway Department projects that if we get the link from Texarkana north to Kansas City, the traffic on Highway 59 will almost triple as the result of this being a much more cost-effective and time-effective route from all of the Gulf Coast, as well as the Gulf Coast in Louisiana, of course, to the north central part of the country and the northeast.

So yes, there is a strong support for this project that I am fully aware of in Texas, Louisiana, Arkansas, Oklahoma, Missouri, and I think we have had some indicators of good support from Kansas, although I really have not worked that area very hard.

Mr. MINETA. I was shocked by—well, I should not say "shocked"—I was impressed by a member of your Chamber of Commerce who is a trucker who said that he stays on the Oklahoma side, rather than coming in on the 71 side of western Arkansas because of the nature of the road system and the safety record. He says that his record is good on the Oklahoma side, but he is afraid to take that kind of a chance on the western Arkansas side.

Mr. POWERS. A lot of the people that go to Mena from Fort Smith go through Oklahoma, rather than 71.

Mr. MINETA. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you very much, Mr. Chairman.

Gentlemen, I wanted to make sure that we had a diversified panel that represented what is going on on the southern end of 71

between Texarkana and Fort Smith, and we have it here today from the Chamber, from the private sector, from the government sector—all of you who know it so well. And this Economic Impact Study of the Interstate Corridor from 1990 to 2010 that Mr. Renard called to our attention, I am familiar with it. So, I do not think there are any questions we could ask that are not covered in that study, and I am glad the Chairman wants to make it part of the record.

There is another study, as you all know, that was very important. We got about $260,000 to do a study—a four-state study that Arkansas Highway Department was the lead commission on that study. And that study was completed, and as you know, the benefit/cost ratio was very favorable and it recommended that Highway 71, the north-south corridor, be upgraded. And of course, we have that as part of our record as well.

But we very much appreciate your statements. I have no questions.

Mr. MINETA. Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman. Mr. Montgomery, you mentioned that sections of the existing two-lane Highway 71 has a current annual average of six accidents per mile, resulting in 3.2 injuries per mile and one death every 4.7 miles. How many miles are you including in that section? What distance does that represent?

Mr. MONTGOMERY. Basically, the section of Highway 71 through Arkansas—I do not have the exact figure on the mileage, but through the Arkansas section.

Mr. SHUSTER. In other words, from Missouri south to Louisiana.

Mr. MONTGOMERY. Yes, sir.

Mr. SHUSTER. Thank you very much.

Mr. MINETA. Mr. Rahall.

Mr. RAHALL. No questions.

Mr. MINETA. Any other members of the panel who wish to ask questions of this distinguished panel?

[No response.]

Mr. MINETA. Thank you again very much for participating. Mr. Lee, we appreciate very much your bringing up your whole delegation from Texarkana. Mr. Powers, again, thank you very much for your hospitality.

At this time, I would like to call on Mr. John Lewis, President of the Bank of Fayetteville. We are pleased to have you here this morning with us. Your statement will be made a part of the record. You may proceed.

## TESTIMONY OF JOHN LEWIS, PRESIDENT, BANK OF FAYETTEVILLE AR

Mr. LEWIS. Mr. Chairman, members of the committee, John Paul, thank you for coming to Arkansas. Since my written statement is part of the record, I am going to depart from that somewhat.

I concur in the objectives of the new national legislation, and I feel like the objectives will be fulfilled with further investments in Arkansas. Number one, it will help international competitiveness.

Number two, it will help state and local economic development. Number three, it will improve the quality of life. Number four, it will improve public safety. And we, too, concur in finding a consistent and stable source of funding.

A new highway infrastructure program must be designed, as Chairman Roe has stated, to invest in the rebuilding of America's infrastructure and to halt the decline in the nation's productivity. Mr. Chairman, it pleases me to tell you and your committee that western and northwestern Arkansas is one of the most productive areas in our nation. In this area reside corporations that are competitive with companies in the entire world.

It was my pleasure to report to your committee in the last hearing held in this area the reasons for this magic. Number one, the genius of our entrepreneurs. Number two, the productivity and the care of our work force. Number three, the intense local competitive environment. And number four, the talent at the University of Arkansas that allows our companies to constantly upgrade.

A continued investment by our government in the needed infrastructure of our area is going to benefit an area that is paying its way in taxes and taxing itself for further developments. Arkansas and its people have shouldered responsibility for their share of that partnership. Arkansas has just enacted a 36 percent increase in its gasoline tax and a 47 percent increase in its diesel fuel tax to fund the state's portion of a $2.5 billion program to improve Arkansas highways. I am pleased to note that the first project that was announced from the new Arkansas highway program calls for the construction of U.S. 412 as a four-lane facility to connect northwest Arkansas to Interstate 44 along Oklahoma's Cherokee Turnpike.

Now if I may, I would like to introduce something personal. Highway 71 and 412 follow closely the routes of settlement of our area. My grandmother's grandfather was a doctor. He immigrated down the Mississippi River, came up the Arkansas River to Fort Smith. He then traveled overland from Fort Smith through the mountains to Fayetteville to what was then known as Lovely County in 1830. The Louis part of my family, starting in 1690, came the 412 route from Virginia to Wilson County, Tennessee, then Missouri, then Arkansas. And in 1895, the two families met and established a partnership. The roads are important to my family. These roads are important to our nation. A hundred and sixty-one years ago, my ancestor made the trip from Fort Smith to Fayetteville through the mountains. This afternoon, I will retrace that trip. My trip will be more dangerous. Thank you. [Laughter.]

Mr. MINETA. Oh, for the good old days. [Laughter.]

Mr. Lewis, thank you very much. You have indicated support for the addition of a limited number of miles of routes to the interstate system. Do you have any idea as to what kind of criteria we ought to be using to qualify those routes that we might select for addition to the interstate system?

Mr. LEWIS. Well, as my opening comment said, I think we should—when we have a productive area that is paying its way in taxes, we should help that area, and that is what we have in northwest and western Arkansas.

Mr. MINETA. Now, you indicated that the first project that the state adopted was this U.S. 412 as a four-lane facility. What factors

do you think were taken into consideration by the State to make the decision that that be one of its top priorities.

Mr. LEWIS. I think it was based on public safety. Oklahoma will have a four-lane road coming from Tulsa to the Arkansas state line——

Mr. MINETA. That is a turnpike. What was the name of that?

Mr. LEWIS. Cherokee Turnpike.

Mr. MINETA. Cherokee Turnpike, that is right.

Mr. LEWIS. It will be completed this year. The travelers coming from Oklahoma into Arkansas would go from a four-lane road into an antiquated two-lane road that is already a very dangerous highway, so I commend our Highway Department for their commitment to build this four-lane road.

Mr. MINETA. Very well, thank you very much.

Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. John, I know the Highway Department has now said they plan to build 412 from Siloam Springs to 71, and they have even indicated where the new route would be—the new corridor. But do you know what their plans are, how soon that would be completed and how they plan to fund it?

Mr. LEWIS. I am not familiar with those details.

Mr. HAMMERSCHMIDT. I was intrigued and a bit chagrined when I noticed that the State Highway Department toll road study by Wilbur Smith and Associates showed that that little corridor there would not support a toll road, except at about a 21 percent level or something like that. And just eyeballing that as a layman with all that traffic, I cannot quite imagine that that study is totally correct.

Mr. LEWIS. I was also amazed by that and feel like——you know, that if we had the road, we would have the traffic because of all the heavy truck traffic from Wal-Mart and Tysons and the other companies in northwest Arkansas. I feel like they would be pulled toward that road. It is a very dangerous stretch of the road right now.

Mr. HAMMERSCHMIDT. I know as Vice Chairman of the Northwest Council, along with Alice Walton, you all have a great interest in all the economic development, particularly along that road. But also, I know you are here to promote 412 all the way east-west across the state of Arkansas.

Mr. LEWIS. Yes, sir.

Mr. HAMMERSCHMIDT. And I think that the most traveled and most lucrative end as far as traffic goes, would be the western end. But still, your ultimate goal is to build that road all across the east-west part of Arkansas.

Mr. LEWIS. It needs to be done.

Mr. HAMMERSCHMIDT. And it would connect in a major east-west connection across there.

So anyway, John, thank you very much for your testimony. I appreciate you being here today.

Mr. MINETA. Mr. Cramer.

Mr. CRAMER. No questions.

Mr. MINETA. Mr. Hancock.

Mr. HANCOCK. No questions.

Mr. MINETA. Mr. Nichols.

Mr. NICHOLS. No questions, Mr. Chairman.

Mr. MINETA. Ms. Molinari.

Ms. MOLINARI. I have no questions.

Mr. MINETA. Mr. Zeliff.

Mr. ZELIFF. No questions.

Mr. MINETA. Well, let me thank you again, Mr. Lewis, for first of all, the—not only the fine testimony here, but your wonderful hospitality when we had our hearings in Springdale. It was just great.

Mr. LEWIS. Thank you, Mr. Chairman.

Mr. MINETA. Nice to see you again. Thank you very much, sir.

I would now like to call on a panel consisting of the Honorable Steve Hettinger, the Mayor of City of Huntsville, Alabama, accompanied by Mr. J. E. (Ed) Mitchell, Jr. of Mitchell and Mitchell, Inc. of Huntsville, Alabama. At this time, I would like to yield to our very fine colleague, Mr. Cramer, from the 9th Congressional district of Alabama.

Mr. CRAMER. Thank you, Mr. Chairman. It is my pleasure to introduce the Mayor of the City of Huntsville, which happens to be my home town there in Alabama. Steve Hettinger is no stranger to our area. He came to Huntsville in 1967 with the nation's space program, which is typical of the way that we pulled people into that area of the country. He has also worked as an urban management consultant.

Maybe more importantly, he was part of the campaign team which successfully elected my predecessor, Congressman Ronnie Flippo. As a consequence of that, he joined the Congressman's staff as his district representative. He returned to private practice and was in engineering management. And in 1988, he was elected Mayor of Huntsville. I present to this panel and this audience the Mayor of the City of Huntsville, Mayor Hettinger.

Mr. MINETA. Mayor, it is great to have you here. If you would go ahead and introduce also your fine colleagues who have accompanied you, we would appreciate that very much.

## TESTIMONY OF HON. STEVE HETTINGER, MAYOR, CITY OF HUNTSVILLE, AL; PERRY HAND, DIRECTOR OF THE ALABAMA HIGHWAY DEPARTMENT

Mr. HETTINGER. Mr. Chairman I would like to introduce a large delegation at the end of my statement. I think, that perhaps there may be some questions of them also. But I particularly would like to introduce on my left the Director of our Alabama Highway Department, Mr. Perry Hand, who has joined with us today and joins us for this testimony. Thank you very much for the opportunity. We have submitted the written testimony for the record, but I would appreciate the opportunity and I thank you for that opportunity to kind of summarize very briefly, in the interest of time, the statement that we have made in that testimony which represents many, many mayors and many, many elected officials from throughout.

As I mentioned, I am part of a large delegation today of elected officials, highway officials, of businessmen, planners and just private citizens who have joined with us from four states who have

come together on one single project. I will introduce those that traveled with us later so that you can also ask them questions.

The need for legislation, I think, is great at this time, as we have all agreed. Our infrastructure has many needs for refurbishment, maintenance, as well as expansion. The last time that legislation was as important as this was considered perhaps was in 1956. At that time, the interstate system was initiated and our area was left out, which was certainly understandable at that time. We had no crying need for an economic development four-lane limited access highway or to be a part, necessarily, at that time of the interstate system.

I am the Mayor of Huntsville, Alabama, the home of Congressman Cramer, which we are very, very proud of. A city that in 1956 had fewer than 15,000 residents. But times have changed. We in our city have become a major population center, as have many other cities along the Memphis to Atlanta economic development corridor. Our county alone is approaching a quarter of a million people, and the corridor has almost 5 million people in it.

As the testimony that I have presented states, that corridor has over 100 Fortune 500 companies, and that is excluding what is in Memphis and what is in Atlanta—just in between. It is a strategic, scientific and defense corridor with Redstone Arsenal, NASA's Marshall Space Flight Center, the Yellow Creek Advanced Solid Rocket Motor facility and others. We have excellent water, rail and air transportation, but not surface. We have in that corridor a tremendous share of the nation's poultry and agricultural markets. We have distribution facilities to serve the southeast and the nation for companies like Wal-Mart and Federal Express located there.

As a single case, the city of Huntsville alone has the highest average income of any city in the southeast. It has the second largest research park in the nation. And in the last ten years, we have added 50,000 jobs in just our area alone. The other cities along that corridor have had equal success stories. But today, you need a guide of some kind to get you to the largest cities to the west and to the east of us, Memphis and Atlanta.

Today, we come to you to ask you to recognize the vital importance of this project to the economic health of our nation. There may be other multi-state projects that reflect the changes since 1956. Surely, 35 years have seen growth in areas like ours.

Ladies and gentlemen, make no mistake about it. These multi-state projects will not be built unless you include them in this legislation. Alabama's Highway Director, Perry Hand, who I introduced earlier, is here with me today to help express that sentiment. He has graciously offered to convene and lead the four states' administrations and those highway department administrations. But without federal leadership and federal involvement, it will be very difficult. We are asking you to include in this legislation a multi-state project of a highway of national significance built to interstate specifications to begin immediately that would connect Atlanta and Memphis, and thus, Oklahoma City and all points west through Huntsville, with a connector to Chattanooga. That is our request today.

And I would like to just close with two quick points. Mr. Hammerschmidt, we welcome the University of Arkansas to the Southeastern Conference, and we would love to make it easy for them to be able to get—for your fans to get to the games. We certainly look forward to that. [Laughter.]

The other point I would make is that the Olympics will occur in 1996. Some of this project could be complete. We could certainly get a good beginning on that. Otherwise, all areas west of Memphis and all those going to the Olympics west of Memphis could drive over 200 miles of two-lane. Perhaps we need to make that an Olympic event in itself.

I would like to introduce to you, if I might, the members of our delegation who are here with us today and ask them, if they would, to stand up in case there are any questions that you would have of any of them also.

Senator Lowell Barron, who is the Deputy Chairman of the Finance and Taxation Committee of the State of Alabama Legislature.

The Mayor of Decatur, Alabama, a very progressive city next to us, who is President of the North Alabama Mayors' Association and Chairman of the North Central Alabama Council of Governments. That is Mayor Bill Dukes of Decatur, Alabama.

Mayor Ray Calhoun of Tuscumbia, Alabama, Chairman of the Northwest Alabama Council of Local Governments.

Mayor Lakin Collins of Athens, Alabama, who is a Director in our Top of Alabama Regional Council of Governments.

Mayor Walt Hamner from Scottsboro, Alabama.

Commissioner Buddy Rose from Lawrence County, Alabama.

In private business, Andy Lowery, who is the Regional Manager for Advanced Business Development of Lockheed Missiles and Space Company. They are responsible for the Yellow Creek facility in Iuka, Mississippi, the advanced solid rocket motor facility.

We have some of our administrative people, Dallas Fanning of our Planning Department. Rick Liles, my administrative assistant. And Ed Mitchell, Project Manager of Mitchell & Mitchell Consultants, who was introduced earlier.

From Mississippi, we have Bobby Scott, who is Chairman of the Transportation Committee of the Chamber of Commerce of Corinth, Mississippi.

And the Tennessee delegation, Tom Green, who is a consultant in Nashville, Tennessee.

We also have letters in the testimony from Mayor Hackett, the Governor of Tennessee, and the Lieutenant Governor, reflecting their support.

From Georgia, Representative Paul Smith, District 16, Georgia State Legislature, who is a member of the Legislative Transportation Committee, from Rome, Georgia. Napoleon Fielder, Vice Chairman of the Rome City Commission, Rome, Georgia. Mr. Jim Herrington, Commissioner from the Rome City Commission in Rome, Georgia. And Gary Tillman, who is Chairman of the Transportation Committee of the Greater Rome Chamber of Commerce. And also, Kevin Poe, County Manager.

And I would also mention that we have met with and have letters of support from Mayor Maynard Jackson from Atlanta in the testimony.

It has been our pleasure to have that opportunity to meet with you to give you our feeling that there is a definite need for multi-state projects of expansion type projects to be included in the legislation. We appreciate the opportunity to be with you.

Mr. MINETA. Thank you very much, Mr. Mayor, for your very fine testimony—for this very complete testimony, as well as the group that has accompanied you at this point.

Let me at this point yield to our very fine colleague from the 5th District of Alabama. Not only is Congressman Cramer a member of the Public Works & Transportation Committee, but of course, someone that is—another committee that is very closely aligned with the work that is connected with Huntsville, Alabama, and that is his membership on the Science, Space and Technology Committee. And as a first term member, Congressman Cramer has already made a very good impression on our two committees, as well as other members of the House of Representatives.

So at this time, I am proud to yield to our colleague from Alabama, Mr. Cramer.

Mr. CRAMER. Thank you, Mr. Chairman, for those kind remarks. Also, I will be brief. This group has worked for a long time on this project, and I congratulate you for that and congratulate you for attending this field hearing, which is important to this issue.

But since we have our State Highway Director, Perry Hand, here, I would ask you if you would take this opportunity if you would like, to comment about this piece of legislation because the project that we are speaking toward today is a multi-state project which presents a dilemma for several States. It also means that within a state budget, you have got budgetary issues that you have got to speak to. So, to members of Congress that would have a hand in drafting this piece of legislation, would you have some brief comments about those dilemmas.

Mr. HAND. Certainly. Thank you, Congressman. I would say, first of all, that certainly, budgetary constraints are going to be different in every state that we come across. I am here to tell you, number one, that the State of Alabama supports the project from the Atlanta/Huntsville/Memphis interstate concept. We stand ready to provide the necessary state funding for our share of the expense involved in this route. We pledge our support to developing the project and also its coordination. I think as proposed, the route would be—basically, Alabama would have more than any of the other states as far as miles are concerned because it goes almost through the entire State of Alabama connecting these other states. So, we would certainly be most happy to provide coordination from other state highway departments in the accomplishment of these projects.

Also, we feel that it is—that the designation of this route—a real designation in terms of legislation is so vastly important and that we have a name, a designation through the legislative process that will allow us then, to coordinate in that effort. At the present time, without delineation, it becomes almost impossible then for the states to come together to develop such a coordination effort. Here

is one place in a multi-state project where Congress can play such a major role in providing us with the leadership and the coordination that we need. And, so we request this probably most of all, that we do have a designation in the reauthorization bill for the highway concept.

Mr. CRAMER. Would that be a specific designation or——

Mr. HAND. Yes, sir. It needs to be a specific designation—the Atlanta/Memphis Corridor. And we would love for you to add the word "Huntsville." Atlanta/Huntsville Atlanta Corridor. [Laughter.]

Mr. CRAMER. Okay. Senator Barron, any comments that you would like to make on that issue as it relates to Congress and the state?

Mr. BARRON. Congressman, I would just like to say that I share the feelings of all my colleagues here, that we are very supportive of this route. This is the fastest growing portion of Alabama, the north Alabama area. And we have seen virtually a population explosion in the Huntsville/Madison County area. We need some connection to the various land routes, as the Mayor said earlier. So, we will support that at the state level, monetarily and through the administration.

Mr. CRAMER. Thank you, Senator Barron. I yield back to the Chairman. Thank you.

Mr. MINETA. Thank you very much.

Mr. Mayor, let me ask, what is the estimated cost of this Tennessee Valley interstate project?

Mr. HETTINGER. To my knowledge, there has not been an estimated cost done on the project.

Mr. MINETA. And has there been any kind of preliminary environmental analysis of this Tennessee Valley interstate highway corridor to sort of engage the feasibility of the construction of this project?

Mr. HETTINGER. No. As a matter of fact, you will notice that as we draw on the map, we have a fairly large corridor. We want to keep the options open to make the minimal environmental impact—the most positive economic route that would be feasible. And so it is, in our studies a fairly broad corridor—a swath on a map you might say.

Mr. MINETA. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you very much, gentlemen, for your testimony.

Mayor Hettinger, little did we know when we sent Bear Bryant over to Alabama to teach the Southeast Conference how to do well that we would follow him in too, later on. [Laughter.]

But we are very impressed not only with this very comprehensive testimony, but with the size of the delegation that you have brought over here from the various States.

You know, Mr. Hand, you mentioned that the State of Alabama was ready to endorse this and put it into their Highway Transportation Development Plan, I would assume.

Mr. HAND. Yes, sir.

Mr. HAMMERSCHMIDT. I guess the important thing in this designation would be that Georgia, Tennessee and Alabama and their Departments of Transportation also put it into their plans. I would

think that would be fairly important. Do you know what their intentions are?

Mr. HAND. I believe they would, indeed, cooperate with us in this effort. That is one of the projects that I have set for myself to do, and that is to bring all of the different highway departments together in order for us to be able to stipulate that in writing. I think that would be a very important point for the Committee.

Mr. HAMMERSCHMIDT. It would be important. Well, we thank all of you and we appreciate you being in western Arkansas today. Thank you.

Let me make one other comment. I want to compliment Bud Cramer. He is a great member of our Committee. The other thing is, I never think of Huntsville, Alabama that I do not think of the former Chairman of this Committee, Bob Jones, and I am sure you see Bob. And please extend to him our very best wishes because he is one of our all-time favorites.

Mr. HETTINGER. Thank you.

Mr. MINETA. Mr. Shuster.

Mr. SHUSTER. No questions.

Mr. MINETA. Mr. Rahall.

Mr. RAHALL. No questions.

Mr. MINETA. Any other members of the panel who might want to question? If not, again, thank you very, very much for your presence here.

I would like to call forward a panel made up of Mr. F. S. Garrison, Chairman and Chief Executive Officer, Arkansas Freightways; Mr. Jerry Yarbrough, Senior Vice President of Operations, ABF Freight System and Mr. Charles Mudd, Vice President, Operations, Contract Freighters, Inc.

Gentlemen, your statements will be made a part of the record. And so, if you would go ahead and make your oral presentations, and Mr. Garrison, we will start with you.

**TESTIMONY OF F.S. GARRISON, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, ARKANSAS FREIGHTWAYS; JERRY YARBROUGH, SENIOR VICE PRESIDENT—OPERATIONS, ABF FREIGHT SYSTEM, INC; AND CHARLES MUDD, VICE PRESIDENT, OPERATIONS, CONTRACT FREIGHTERS, INC.**

Mr. GARRISON. Mr. Chairman, Mr. Hammerschmidt, members of the subcommittee, I want to acknowledge at this point in time that I was born and reared and continue to reside in the home town of Congressman Hammerschmidt, and I am very, very proud of that fact. I remember John Paul when he was a kid growing up there in Harrison. [Laughter.]

I would like to mention that as president of a motor freight carrier, Arkansas Freightways, that we strive to be a good corporate citizen, to operate our units over the highway safely and to pay our fair share of taxes. And I think in these respects that we are like the great majority of responsible people in the trucking industry out there on the highways today.

I would like to go back, if I may, to the principle that we learned maybe in Economics 101, namely, that the terms "production" and "wealth" are synonymous. That without production, we have no

wealth. And all the gold in the world would be totally worthless if we did not have goods and services to purchase with that gold. Admittedly, of course, we have to strike some social balances. But as we find ourselves more and more competing in a global economy, it is absolutely necessary that we focus every available resource that we have at our disposal in that respect. Which means to my way of thinking that we also need to eliminate that which is not productive.

Only in America, for instance—and I am proud of our system of government—but only in America would we have 50 different systems of collecting motor fuel taxes and 50 different ways of collecting vehicle registration fees. We have made a little progress in that respect over the last several years, but it has come ridiculously slow and we absolutely must have federal action to eliminate this great burden on inter, and intra for that matter, state commerce that we experience in this country. We believe that competition—competition is good. I regard competition as the catalyst that rewards in the marketplace the effort that we put forth as business people.

And I would submit to you, since we have had deregulation—that occurred in legislation in 1980—deregulation of interstate commerce for hire motor carriers, that we have wound up with quite a bit more efficient interstate system of transportation of goods in this country. And that that is a great asset when it comes to competing internationally or globally, if you will. It is also good for the consumer and the working person in this country. Any time you are operating more efficiently, it is good for business.

I would like to see that deregulation extended to the states in their economic regulation of the intrastate commerce. That is one of the provisions of the Department of Transportation's proposed legislation, I note. And I think that that would be good for the whole country. It is kind of ridiculous to have a system half regulated and half not regulated. Now, I want to emphasize that I want to continue to see safety regulation, both at the interstate and intrastate levels. But when it comes to economic regulation, when we are are talking entry into business, when we are talking about regulation of rates charged users of motor freight carriers, I propose that we should be totally deregulated.

Furthermore, I would like to say that I am opposed—I am going to be opposite a lot of people on this. I am opposed to the application of highway user taxes to the toll road system. With recent passage of the five cents per gallon diesel fuel tax, I think that funding should be adequate for the foreseeable future. I would like to see us—again, as John Paul might say, I am preaching to the choir, but I would like to see us spend our trust funds on a current basis. It is rather ridiculous to see the deterioration that occurs among our highways when we have money sitting in a pot somewhere up in Washington that could be used to prevent that deterioration. Remember the old saying, "A stitch in time saves nine."

Also—I think I may again be preaching to the choir, but I feel like that the recent action where we had highway user funds diverted for purposes of attempting to balance the budget, it sets a dangerous precedent, and I would like to see that legislation expire on time and not be extended.

In conclusion, I would like to say that in this country, we have the finest transportation and distribution system in the whole wide world. You only have to compare our system to that of the U.S.S.R., where I am told, for instance, that the average length of haul by truck is nine miles. They almost have no system. Food rots in the fields while people starve. All we need to do is fine tune the system that we have. We need to maintain the highway system that we have. We need to be willing to make the necessary capital investments that make sense.

I appreciate the opportunity to be here, and I would be glad to answer questions at the appropriate time.

Mr. RAHALL. Mr. Yarbrough.

Mr. YARBROUGH. Thank you, Mr. Rahall. I am Jerry Yarbrough. I am Senior Vice President of Operations for ABF Freight System. ABF and its affiliates comprise the nation's fourth largest national motor carrier of general commodities. ABF has 327 terminals located in all 50 states, Canada and Puerto Rico and employs approximately 10,000 persons. 1990 revenue was 765 million dollars. ABF operates 3,500 power units and 11,000 twin trailers. Inter-city miles in 1990 totaled 237 million.

In light of recent information being disseminated pertaining to long combination vehicles, drug use in the trucking industry and highway wear caused by trucks, we feel it important to report our experience and position on these issues.

On the matter of long combination vehicles, in 1985, ABF commenced a shift toward the use of 28-foot twin trailers, versus 45-foot long single vans. During 1986, ample numbers of both types of vehicles were operated essentially under the same conditions. The rate of accidents reportable to the Department of Transportation for single long vans was 628,000 miles per accident, while it was 2,400,000 miles per accident for twin trailer combinations. The twin trailer rate has continued to improve.

ABF has utilized triple trailer combinations in the states of Idaho, Oregon and Utah since 1985. During the six years through 1990, ABF has operated triple 28-foot trailers 4.5 million miles and has been involved in two DOT reportable accidents.

Our experience proves that long combination vehicles do not have higher accident rates. On the contrary, twin trailers are four times safer than single vans and triple trailers are slightly safer than twin trailers.

On the matter of drug use, since mandatory drug testing became law in December of 1989, 3,680 ABF drivers have been screened for drugs during their DOT physical examinations. A total of seven individuals tested positive, which represents a rate of two-tenths of one percent.

A total of 2,055 job applicants have been screened for drugs since December of 1989 during pre-employment physical exams. There were 19 positives, which equates to nine-tenths of one percent.

Based on these total drug test results to date, the incidents of drug use that ABF has discovered is only a tiny fraction of what is purported by some to exist among truck drivers.

On the issue of highway wear, we believe that before a large investment is made to upgrade the U.S. highway system, it would be prudent to research the issue of pavement design and wear. If

pavement is found to be strongly dependent upon vehicle speed, ABF would support strict enforcement of a 55-mile-per-hour speed limit for tractor-trailer rigs.

That concludes my report. Thank you.

Mr. RAHALL [assuming the chair]. Thank you. Mr. Mudd.

Mr. MUDD. Thank you, Mr. Rahall. Congressman Hammerschmidt, Congressman Hancock, Committee members, I am Charlie Mudd. I am Vice President of Operations for CFI. I am glad to be here to personally make some comments on behalf of Contract Freighters, Inc.

Contract Freighters, Inc., CFI, is a privately held, irregular route truckload carrier started in 1951 and based in Joplin, Missouri. We operate more than 1,000 trucks and 2,500 trailers throughout the contiguous 48 States, all bordering Canadian provinces and Mexico as far south as the Yucatan Peninsula. We operate terminal facilities in nine U.S. locations.

As a trucking company, we are particularly interested in the structure and progress of the 1991 Surface Transportation Assistance Act. We are all aware the health and development of our nation's infrastructure is directly related to—and to a degree, can dictate the productivity and profitability of our economy. As a trucking company that handles a large amount of international freight, we see the quality and efficiency of our infrastructure as a key factor to our nation's participation and leadership in the quickly developing global market. We must maintain the ability to move goods and materials across our nation with the same, and even better, effective precision as other nations with less territory and better infrastructure investment. This is a thought that I will return to.

We believe this to be a vitally important topic. We also want to recognize the extremely difficult task you have in developing the United States' plans for the future in this area and I thank you again for the opportunity to add our comments today for your consideration.

First, CFI strongly supports any measures included in the act that ensure the maintenance and upkeep of the current highway system, with particular attention to bridges. A system to monitor the effective, efficient use of funds for these programs must be included.

CFI also supports efforts to encourage the construction of toll roads to fund new highways, allowing better utilization of tax monies. Tolls are an easier, more definite charge for a trucking company to deal with, and are in line with the general philosophy that a direct user pays the fee.

Our first preference is for the toll to be eliminated, or at least reduced to a minimum maintenance fee once construction costs are covered. If the tolls are then continued, excess revenues absolutely must be specifically designated for highway system purposes.

In the same light, all of the present trust fund monies and all highway and fuel tax dollars designated for the needs of our infrastructure at no time and under no circumstances should be used for any other purpose, including efforts to balance the federal budget. All of these funds should be released and used for their intended purposes. I am singing in the same choir here.

We believe the number of adequate rest areas should be addressed. I have read comments to the effect—or to the point of private industry being involved in the development of rest areas. And we want the number of rest areas to be addressed just as well. It is common to see trucks and cars parked along the entrance and exit ramps at night for lack of adequate rest areas. Some States will ticket a vehicle parked on a ramp, when there is really no other place to rest. This is an important safety issue for both truckers and motorists.

Finally, I want to discuss a local topic. Southwest Missouri and western Arkansas have a strong interest in upgrading Highway 71 as part of the interstate highway system. With a plan of connecting Kansas City and Shreveport, and better still, Houston, Texas through Joplin, Fort Smith—or through Joplin, Missouri and Fort Smith, Arkansas, a valuable corridor to CFI, the local economies and the previously described international market will be developed. This lane is currently needed for existing traffic and would quickly grow into a major commercial lane. CFI supports any efforts to develop the Highway 71 corridor.

I believe here is where I can add some unique comments to the topic today. I am certainly in agreement with the comments already made in support of Highway 71 development. Let me add, nearly 40 percent of CFI's revenues are generated from the transport of international freight. We haul freight from Canada to Mexico, Mexico to Canada, all kinds of U.S. origins to international shipping ports. We haul freight from New York to Mexico City. We are currently hauling freight from the Brownsville/McAllen area in Texas coming out of Mexico up into the midwest. We avoid this area of the country with those routes because of an inadequate highway system.

I have attended seminars held by the U.S. Commerce Department to assist and encourage private companies in their participation in international trade. The Highway 71 corridor would greatly help businesses in the heart of America participate in the international global marketplace by connecting the midwest with Gulf port cities. In that light, the Highway 71 project is consistent with Commerce Department efforts to develop export trade and help balance the trade deficit.

Chairman Mineta, I tell you that southwest Missouri does share the enthusiasm for this project that Arkansas is showing you right now, and you asked that earlier.

Thank you once again for the opportunity to express our concerns, and please feel free to contact myself or anyone at CFI to participate in these forums.

Mr. MINETA [assuming the chair]. Very well. Thank you very much. I apologize for not having been here for all of your presentations.

Mr. Garrison, let me ask you about something you indicated, and that was support for measures that would require states to make motor carrier fuel use and registration requirements more uniform. How many individuals does your company employ to just handle registration, fuel use reporting and what is referred to as bingo stamp compliance for your company?

Mr. GARRISON. Well, as far as—we have about 2,700 people, and as far as the number of people directly involved in purchasing bingo stamps, fuel tax——

Mr. MINETA. Registration of vehicles, fuel use reporting.

Mr. GARRISON [continuing]. Fuel decals, registration—as far as the people involved in reporting and purchasing, about five people. But you have to remember that the application of these decals and stamps, the maintenance of the bingo cards out in the field and all of that takes a lot of time from a lot of people. So, the equivalency would be probably more like 30 or 40 people if you took the people that do that on a part-time basis.

Mr. MINETA. And, Mr. Yarbrough, critics of longer combination vehicles claim that they are more prone to accidents in severe weather. Does ABF have any policy relating to operation of triples during rain, during snow, high winds? Do you allow the triples to be pulled empty, or do they have to be pulled—and with that excellent record that you indicated in your testimony about your own accident records utilizing the triples, four and a half million miles involved in two DOT reportable accidents. Are you—do you have special drivers on these rigs? I would like to sort of hear what you are doing there to have this kind of enviable great record.

Mr. YARBROUGH. I am not sure that our record is remarkably different from other carriers. The perception that triples are unsafe is, as far as I know, not founded on anyone's statistics. The practice of ABF is to put the decision making on safe driving at the driver level. We spend a lot of time and effort training our drivers and making them understand that they are in charge of handling that rig safely. There are certain parameters that we use to restrict a triple from going out on the highway. High winds or snow or ice would preclude the use of triples. However, if a driver is out on a run with triples and he gets into a situation with sudden rain or high wind, he is responsible for, and in fact, will pull off and not continue in those circumstances. ABF has no desire to rush ahead in an unsafe condition. The drivers are "captains of their ships" so to speak, and they—they are taught and delegated the responsibility of driving safely. This, by the way, is not limited just to triples. We do not pull doubles—particularly empty doubles—in high winds or adverse weather either.

Mr. MINETA. Earlier, we had a witness who indicated that if this 71 north-south corridor were more readily available to be a toll road, similar to the toll roads in Oklahoma—with that suggestion, would any of you wish to make any comments on whether or not there would be any support for this if this were a toll road facility? Any thoughts on that?

[No response.]

Mr. MINETA. Next question?

Mr. HAMMERSCHMIDT. You may not have been here when Mr. Garrison made his comment.

Mr. MINETA. Oh, I am sorry.

Mr. GARRISON. Speaking for Arkansas Freightways, we would be opposed to the use of highway user fees on toll roads.

Mr. MINETA. Okay. Very well.

Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. I thank all of you for very good statements.

Jerry, you mentioned in your testimony that more research should be dedicated to pavement design and wear. Do you believe that the trucking industry would support stronger and thicker pavements designed to be more durable over time if, indeed, the upfront construction costs were higher as a result, which they obviously would be?

Mr. YARBROUGH. Yes. I would support, first, research to determine what the parameters of pavement wear are. It may be that more attention to the sub-base construction and drainage would greatly extend the life of the highways. But in answer to your question directly, yes, we would be in favor of additional money for additional durability and reliability to highways.

Mr. HAMMERSCHMIDT. Sheridan, do you have any thoughts on that? I know engineering and design of highways is a little out of your line, but you are the greatest users of them, so we would be interested to know what you think.

Mr. GARRISON. Well, it is not totally foreign to me. We have 112 terminals and we have to do pavement design for those terminals. And so, it is not totally foreign. But let me just say that with respect to the thickness of pavement to withstand heavier loading, you need to remember the fact that that is only a small percentage of the total cost of highways. If you start with the actual procurement of the land for the rights of way to build the highways and you go through the design process, the bidding process, all the way through to the signage that goes on the highways and the grass that is mowed along the highways and the traffic signals and everything else that goes, the pavement thickness—a few inches more of pavement thickness is only a small incremental amount, only—I have heard it said only a couple of percentage points of the total cost of new highways.

Mr. HAMMERSCHMIDT. So, a pretty good investment, then?

Mr. GARRISON. A pretty good investment, yes sir. Thank you.

Mr. HAMMERSCHMIDT. Mr. Mudd.

Mr. MUDD. I would just add that the eventual benefit of that is absolutely everyone, not just the trucking companies.

Mr. HAMMERSCHMIDT. Thank all of you.

Mr. MINETA. Mr. Shuster.

Mr. SHUSTER. Thank you for your testimony.

Mr. MINETA. Mr. Rahall.

Mr. RAHALL. No questions, Mr. Chairman. Thank you.

Mr. MINETA. Mr. Nichols.

Mr. NICHOLS. I would like to ask a question, Mr. Chairman. Mr. Yarbrough, in your testimony, which I thought was very good, you had indicated that if more research were done into the pavement design and wear of the heavy rigs, that your firm would support strict enforcement of a 55 mile an hour speed limit. Would this be uniform with a motor carriers association or your fellow partners in motor carriers, would also support that, or are you speaking only for yourself?

Mr. YARBROUGH. I am not sure I am speaking for 100 percent of the regulated motor carriers, but I am fairly confident that of the more well-known regulated motor carriers and the association—the

American Trucking Association—that that would be the majority. In fact, Sheridan is telling me here that he is in favor of that. And incidentally, ABF has governors on its road tractors and we govern our tractors to a top speed of 58 miles an hour right now. We drove 237 million miles last year at that regulated top speed.

Mr. NICHOLS. And that is on a 65-mile-an-hour——

Mr. YARBROUGH. Generally, 65. There are some portions of heavily traveled interstates which are 55. But by and large, throughout the country, our trucks are governed to run no faster than 58.

Mr. NICHOLS. Mr. Garrison or Mr. Mudd, any comment?

Mr. MUDD. I would add my support to that in the same way. The most efficient use of our equipment is at that speed as well.

Mr. NICHOLS. I see. Mr. Garrison.

Mr. GARRISON. I agree.

Mr. NICHOLS. Okay. With, of course, the expansion of the highway program, money going into it, inevitable deterioration taking place, of course, and your—that was based on the predication that if the research shows that to be the case.

Mr. YARBROUGH. Yes, sir.

Mr. NICHOLS. Thank you very much.

Mr. MINETA. Mr. Hancock.

Mr. HANCOCK. No questions.

Mr. MINETA. Mr. Zeliff.

Mr. ZELIFF. No questions, Mr. Chairman.

Mr. MINETA. Ms. Molinari.

Ms. MOLINARI. I have no questions.

Mr. MINETA. Well, let me thank again all of you for making your presentation to us. Let me ask just very quickly, on this speed issue, you do that with onboard machines in terms of some kind of tachometer or something else to govern these trucks?

Mr. YARBROUGH. We have—on ABF's—on two-thirds of ABF's fleet, we have mechanical governors which shut the engine down at approximately 58 miles an hour. On one-third of the fleet—the newest third of the tractors are computer controlled to shut down at 58 miles an hour, which is an absolute speed control.

Mr. MINETA. Mr. Garrison.

Mr. GARRISON. Our trucks are governed mechanically at 59 miles per hour. On the latest trucks that we have, which are electronically controlled and have cruise controls, they are set to operate at 55 miles per hour.

Mr. MINETA. Very well. Hopefully, those semi-conductor chips that control that come from Santa Clara County. [Laughter.]

Thank you, very much. I appreciate it.

At this point, I would like to call forward a panel made up of Ann Henderson, Executive Director, Arkansas Transit Association; Keith Jones, Executive Director, Central Arkansas Transit Authority and Taunya Kopke, Director, Ozark Public Transit.

We are pleased to have all of you here. Your statements will be made a part of the record. And Ms. Henderson, if you would start off.

**TESTIMONY OF ANN HENDERSON, EXECUTIVE DIRECTOR, ARKANSAS TRANSIT ASSOCIATION; KEITH JONES, CENTRAL ARKANSAS TRANSIT AUTHORITY; AND TAUNYA KOPKE, DIRECTOR, OZARK PUBLIC TRANSIT**

Ms. HENDERSON. Thank you, Mr. Chairman and members of the Committee. My name is Ann Henderson. I am the Executive Director of the Arkansas Transit Association. I appreciate you letting me testify before you today on the importance of public transportation in our state and how critical federal assistance is to make this basic service available for all Arkansans.

Our association represents over 100 transportation providers supported by the Urban Mass Transportation Administration, including four Section 9 small urban systems and eight Section 18 rural systems. These 12 public transportation providers serve only 25 of the 75 counties in Arkansas. There are approximately 100 paratransit agencies that service their own clientele of elderly and handicapped citizens.

Transportation costs have risen significantly over the years. The price of vehicles has increased; maintenance and operating costs, including higher minimum wages, insurance and fuel, will make it impossible to provide the current needed services on current funding levels.

We recognize and support the need for good highways. However, more federal assistance for the transportation of people is critical. Arkansas ranks third in the nation in the percentage of elderly population and near the top in the total number of disabled. In addition, we rank first in motor fuel consumption per registered vehicle.

For every gallon of gas purchased, one and a half cents goes into the mass transit account to fund transit programs. In 1988, Arkansas paid over fourteen and a half million dollars into this account. We got back less than $600,000. Arkansas ranked 50th in the nation that year in return of those funds. In 1989, Arkansas motorists paid more than $17 million. We got back $760,000. In other words, for every dollar we paid, we got back four cents. And with the new federal gas tax, we are going to be paying more than $25 million. Our return will be less than three cents for each dollar contributed. Arkansas truly is a donor state.

There appears to be a bias toward the federal funding formulas for the rail systems. While appropriate for the larger cities, most of the country needs adequate funding for buses and vans. We need an equitable and guaranteed return of mass transit account funds to the states, similar to that for highways. That percentage is now 85 percent. Also, states need the flexibility of using these funds for the Section 18 rural program.

Urban and rural systems depend upon operating assistance. A reduction of these funds would certainly have a devastating effect.

Arkansas is basically a rural state. Forty-two of our counties in the eastern half are part of the lower Mississippi River Delta region, including some of the poorest counties in the country. Out of those 42 counties, public transportation is available in only six.

Dr. Joycelyn Elders, Director of the Arkansas Department of Health, said recently that the greatest barrier to health care in Ar-

kansas is transportation. That people who can afford transportation have health care, but people cannot get it if they cannot get to the service.

To illustrate, let me tell you what happened a few months ago at one of our rural systems, Mid-Delta Transit in Helena, which is located on the Mississippi River. A 15-year-old girl with a newborn baby met the bus at its scheduled stop in Marvell, a small community a few miles out of town. Even though she did not have enough money for the fare, she asked if she could ride the bus for 15 miles to take her baby to the doctor. The driver probably stretched procedures by letting her ride free, but it was lucky for the baby that she did because the doctor hospitalized him immediately for a life-threatening illness. The child survived, but the outcome would have been much more tragic if that transportation had not been available.

Recently, Congressman Ray Thornton of Arkansas called for more support for public transportation in rural areas. He said, "We need to improve public transit and we need to strengthen the federal commitment for those people who cannot afford the most expensive form of transportation known to man, which is everybody jumping in his own car and going."

In Arkansas, this private form of transportation is not available to a significant number of citizens. These are the transportation dependent. It does not matter how much we spend on highways, these people cannot benefit because they cannot use them.

Although the Administration's proposal goes some distance in recognizing the necessity for funding rural providers and those serving the elderly and handicapped, we feel it does not give enough support. There is a proposal before you recently introduced by Congressman Rahall and cosponsored by Congressman Beryl Anthony from Arkansas and over 30 members of your colleagues, including a dozen members of this Subcommittee. This bipartisan effort goes even further to support the public transportation crisis, and in our judgment, deserves your very serious consideration. I am talking about H.R. 1079, the Mobility Assistance Act of 1991.

This Act would increase assistance for public transportation across the board. No one loses and everyone wins. For states like Arkansas, it helps target increases for small urban, rural and para-transit providers that have been historically underfunded. Our own Senator, David Pryor, intends to introduce this important legislation in the Senate.

We applaud the Administration's recognition that the name of UMTA should be changed. However, I personally support a change to the Federal Public Transportation Administration, as provided in the Mobility Assistance Act. I fight the perception everyday that our state does not have mass transit. As one state senator put it, "We ain't got no subways in Arkansas." It is difficult to convince our local citizens that the same pot of money paying for the big city rail systems also helps their mom get to the senior center.

As jobs, goods and services move to regional areas, we cannot afford to leave behind the poor, the elderly, disabled and willing workers. Only through expanded and improved public transportation services can these people reap the rewards of opportunities available to them.

Today, it is easier for someone to get from East Berlin to West Berlin than it is for some people to get from West Memphis, Arkansas to Memphis, Tennessee.

As we focus on our future, it is imperative that transportation issues go beyond the emphasis on moving vehicles to include strategies for moving people. Thank you.

Mr. MINETA. Mr. Jones, if you would go ahead and proceed.

Mr. JONES. Thank you, Mr. Chairman. My name is Keith Jones and I am the Executive Director of the Central Arkansas Transit Authority. We are from another Congressional district, but we feel right at home here because Congressman Hammerschmidt and his staff have been so helpful to us over the years.

We operate a 50-bus system on 31 routes in Little Rock, North Little Rock urbanized area. We served over 3.2 million passenger trips last year, and we have an operating budget of $4.5 million a year.

We are a member of the American Public Transit Association and the South West Transit Association. I am sure you have heard the position statements of our interest groups, and I am not going to repeat those here and dwell on them. I do want to give you the viewpoint of a manager of a small to medium transit system.

The vast majority of our riders have no car available for their travel needs. Their life must revolve around where the bus can take them and when it can take them. In our city, that means they have to have their travel complete by 6:30 at night. And they do not travel at all on Sundays or holidays.

From where we sit, the federal role that you are addressing in this reauthorization bill has been shrinking over the last ten years. In 1981, the Section 9 appropriation for CATA was $1,032,000. Ten years later, the Section 9 appropriation was $1,029,000 that is, the operating cap. During that same ten years, our budget increased 39 percent. The CPI increased 41 percent. Our federal operating assistance actually decreased by $2,000 over that ten years.

We remained in business only by virtue of rapid increases on behalf of our local government and through fare increases. I believe I am safe in speaking—and I would not be safe if I returned to Little Rock without saying this—that our local governments are asking that steps be taken by Congress to reach a balance in the roles once again.

Transit is being asked to help meet many national goals—clean air, less dependence on foreign oil and providing mobility to persons with disabilities. We are glad to be asked and we hope we are up to the challenge. We have been putting wheelchair lifts on our buses since 1981. We started a paratransit system for persons with disabilities three years ago. We just hope we have enough money to operate the paratransit system that may be mandated by the ADA.

As I mentioned, we have a struggle to match the operating funds, and I want to address the proposal of the Administration to change the matching capital from 80/20 to 60/40. Last year, we were able to buy our first new bus in seven years. We may have enough matching money to buy two this year. The average age of our fleet is 12 years. UMTA, which is a very cooperative federal agency, felt so sorry for us in Little Rock, that they transferred 12 buses from Oklahoma City last year that were ten years old that

Oklahoma City was getting ready to scrap. That improved the average age of our fleet. If the capital matching requirement is raised from 20 to 40 percent, we will simply be priced out of the market of matching funds. We will not be able to buy federal capital funds.

I also cannot see the logic of the Administration's proposal that will restrict the operations assistance, whatever its level, to only certain expenditures like tires and parts and not fuel and labor. Our riders will not be served at all if we have great tires and new transmissions, but we do not have enough money to buy fuel or if we have to lay off drivers.

As I understand the reauthorization bill being addressed by this Subcommittee, we are in agreement that the federal funding for transit should begin in 1992 at around $6 billion or more and that it should increase and not decrease over the next few years. If all we have to agree on now is how fast it should increase, I think we are in a very fortunate situation.

I want to address and echo Ms. Henderson's comments on equity in the mass transit account. The lack of equity makes it difficult to ask the local governments and the voters for more money. They do not understand why a poor rural state has to subsidize expensive rail systems around the country.

If I could depart from my written remarks, a few years ago, the MPO did a study of light rail in Little Rock. Little Rock is not ready for light rail, but the study did point out that in spite of lack of passenger densities, Central Arkansas Transit would gain almost a million dollars a year by virtue of operating a rail line—a million dollars a year in Section 9 assistance. In other words, it would pay us to get a car and run it, whether it had passengers or not, along a 33-mile existing Rock Island track, just to change our role in the formula. We have not done that, but we are tempted at times.

The large transit systems obviously need federal assistance, and we do not want to get to where we are competing within our own community of transit providers. But the current programs so heavily favor a few states and a few large systems that the lack of equity is becoming a major issue. Bus systems, in my opinion, actually have a harder job than the big rail systems in that we are trying to provide a service in areas that grew up around the automobile, whereas the rail systems are providing a service in areas that grew up around the rail systems.

We believe there should be increased support to the Sections 18 and 16.b.2 providers also. We think transit throughout the area, whether it is an urbanized area or rural area, is important. We are very supportive of the goals of the Mobility Assistance Act, and its provisions to help the small urban and rural operations will go a long way toward addressing that equity problem. We think our riders deserve a first-class transportation mode, and we think that to address some of the national goals, we are going to have to have a first-class transit system. I would hope that your work on this reauthorization bill will help us achieve that. Thank you.

Mr. MINETA. Thank you very much, Mr. Jones.

Ms. Kopke.

Ms. KOPKE. Mr. Chairman, members of the Committee, my name is Taunya Kopke. I have been the Director of Ozark Public Transit since 1986. Ozark is a community transit system operating in four

northwest Arkansas counties. We operate 37 small buses and vans and we employ 30 people, mostly part-time. We also depend on volunteers. We serve an area with a population of about 230,000 people and provide about 210,000 demand-response rides a year. Most of our riders are persons with disabilities, senior citizens or factory workers.

We are supported by UMTA's Section 18 program and by the Section 9 Governor's Apportionment Program. And I hope during the reauthorization process, you will recognize the success of UMTA's efforts in rural and small urban communities and that we will be able to rectify some of the problems that rural and small urban communities experience with UMTA.

We operate one of about 1,200 rural transit systems in the nation. The benefits of public transit for elderly rural people are just what you would expect to see in any big city. One of our passengers responded to a recent survey, "It makes it possible for me to buy my groceries, pay my bills, take care of myself in a lot of ways all on my own. It helps me keep my independence, and I am all for that."

The benefits of public transit for younger rural passengers are equally important. Just as public transit for impoverished neighborhoods in big cities opens the door to advancement for urban people and supports the expansion of urban economies, so providing it in rural and small urban communities assures the advancement of rural people and furthers the development of rural and small urban economies.

Employers in northwest Arkansas tell me that continued economic growth in our region depends in part on finding employees for the jobs that are created and that many available workers have no transportation of their own. And county social services administrators in Arkansas confirm this. They are charged with administering the Welfare Reform Act, which requires welfare recipients to work, and that Act is going to succeed in communities where there is public transportation and it is going to fail in communities where there is not public transportation.

UMTA's 12-year-old policy of support for rural and small urban transit has, I think, demonstrated that rural communities do have mobility problems and that those problems can be solved.

I think we also have some unique problems. One is the equity issue, and you have heard about that already. The Section 18 program has been allocated less than 3 percent of UMTA's general fund appropriation to serve the mobility needs of 38 percent of the population. And Arkansas, along with other states, I am sure, has a serious problem in terms of the mass transit account. We support the enactment of the Mobility Assistance Act.

Another issue is planning and technology. Transit technology training and transfer, research and planning, I think, focus too much on large-scale, big-bus solutions to mobility problems, which do not adapt very well to our rural needs. And so, I am hoping that there will be increased funding for planning and for RTAP.

Another area is regulations. And one that I would recommend that is written for a large bus system is the $5 million insurance criteria for Interstate Commerce Commission authority. That regulation makes it virtually impossible for rural public transit systems

to operate across the state line because our buses are too small to justify $5 million in liability insurance, and it costs—it just costs too much to get that kind of insurance and we do not have that kind of liability in the first place. And what it means is that unemployed people in Oklahoma cannot work in Arkansas where the jobs are, even though the commuting distances may be very small. The elderly residents of Bentonville cannot go to the Azalea Festival in Muskogee and that retirees in Bella Vista, which is up in the corner of Arkansas, cannot have regular service to Carthage or Springfield in Missouri. And I would hope that you would consider exempting Section 18 operators from the ICC requirements.

Another problem is the matching requirements. And I think that UMTA's local match requirements really act to discriminate against rural and small urban transit systems because the majority of them are so small that they do not—they are not able to operate their own systems. As I said, in our area, we serve four counties, and I enclosed a list with my testimony of all of the local governments in my region. There are 43 of them, which means that if I am going to secure matching funds for the UMTA program, I really should request funds from 43 elected bodies, submit 43 budgets, attend 43 hearings, prepare 43 sets of reports and maintain an accounting system designed to track revenues and costs for 43 different auditors.

In reality, what happens is that most rural and small urban match is provided by human service agencies who have to divert funds from some other form of direct service they are really wanting to provide. The matching funds leave us—requirements leave us struggling to serve people who are not anyone's client. And they present some financial and administrative nightmares as well. And these problems are not really shared by our large urban counterparts, who simply submit a bid each year to an elected body with taxing authority.

I would conclude by saying that while Section 18 and Section 9 have done much to help develop strategies and technologies for meeting rural and small urban mobility needs, we operators often feel like we are wandering around in the dark because the federal commitment to rural and small urban systems has thus far been so limited. And I am hoping that it will be recognized as important to rural development and to other national objectives as well.

I thank you for the opportunity to speak.

Mr. MINETA. Thank you very much, Ms. Kopke.

Ms. Henderson, in addition to the changes proposed by Mr. Rahall's bill which you support, do you have any specific suggestions regarding changes to the current allocation formulas which would ensure Arkansas a greater share of UMTA dollars?

Ms. HENDERSON. It is not enough.

Mr. MINETA. Total amount?

Ms. HENDERSON. The total amount is not enough. I think we get about 4 million now. I believe it would be between 6 and 7 million we would get under the proposal. Seven million will not carry our current needs. And as you recall, I said that there was public transportation in only 25 of the 75 counties in our State. There is absolutely no room for growth and expansion and improvement.

Mr. MINETA. Thank you.

Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. I know we are running very short on time, but I want to thank all of you for your testimony on mass transit. We wanted to make sure we had a mass transit panel here.

The funding inequities are so apparent in UMTA funding as it pertains to Section 9 and Section 18. The titles that you deal with, in my opinion, they must be changed. You just get the short end of the stick. You talk about donor States. When you talk about UMTA donor states, we are really one. We are at the bottom of the list. We are 50th. So, I hope that my colleagues can see that and we can reason together and try to change that formula some way to be helpful.

Thank you very much.

Mr. MINETA. Mr. Shuster.

Mr. SHUSTER. Even though Pennsylvania is one of the beneficiaries of this unfair formula, I really think it is so grossly unfair that it does have to be changed, and I will work with Congressman Hammerschmidt to try and do that.

Mr. MINETA. Mr. Rahall.

Mr. RAHALL. Thank you, Mr. Chairman.

I knew there was a reason I liked coming to Arkansas besides the suggestion of Congressman Hammerschmidt that we come here. We do have a lot in common, Arkansas and West Virginia. And your testimony, all of you, in support of 1079, the Mobility Assistance Act, is deeply appreciated. You have given vivid examples of how it affects our senior citizens, how it affects our handicapped, how it affects our working men and women and the very uneven ball playing field upon which we play today. And your testimony was just right on point, and I thank you for it very much.

Mr. MINETA. Ms. Molinari.

Ms. MOLINARI. I am just curious as to what your average fare is right now. For example, Mr. Jones, how much do you charge to ride?

Mr. JONES. Our fare is 80 cents. The average fare paid with discounts for elderly and handicapped works out to around 45 or 50 cents.

Ms. MOLINARI. Thank you.

Mr. MINETA. Mr. Cramer.

Mr. CRAMER. No questions, Mr. Chairman.

Mr. MINETA. Mr. Nichols.

Mr. NICHOLS. Thank you very much for your testimony.

Mr. MINETA. All right, thank you very, very much Ms. Henderson, Ms. Kopke and Mr. Jones.

At this time, I would like to call on Mr. Gordon Kinch, Manager of Legislative and Regulatory Affairs for the James River Corporation and Mr. Frank Buchanan, Logistics Development Manager, Weyerhaeuser Company.

Mr. Kinch, your statement will be made a part of the record. So, if you would go ahead and make your oral presentation.

**TESTIMONY OF GORDON KINCH, MANAGER, LEGISLATIVE/REGULATORY AFFAIRS, JAMES RIVER CORP.; AND FRANK BUCHANAN, LOGISTICS DEVELOPMENT MANAGER, WEYERHAEUSER CO.**

Mr. KINCH. Thank you, Mr. Chairman. We at James River, of course, have a significant Dixie Cup facility here in Fort Smith and are pleased that we were invited to present comments here.

We depend upon the highways. Hence, all of the testimony that was made earlier regarding engineering and infrastructure needs, I completely echo. I do not pretend to be an engineer. My agenda is a very simple one.

Like you, James River supports a multi-year reauthorization plan which stresses need for better coordination among the nation's transportation modes and recognizes the impacts that highways have on competitiveness. I believe that strikes out, Mr. Chairman, on one of your main themes as you introduced the panel earlier. Facilitating intermodalism is an important step in improving U.S. productivity and widening market opportunities for our goods, both at home and global commerce. Identifying and providing adequate funding for the major highways for the flow of commerce is another important step in this process. I will preach to the choir. James River supports taking the highway trust fund off budget to better ensure that these revenues are spent for their intended purposes.

There is one element James River respectfully requests be incorporated into any reauthorization plan approved by your Subcommittee. The proposal would greatly enhance the efficiency of our nation's trucking industry and make the United States highways a full partner in increasing U.S. productivity. It is supported by the Administration and certain members of your Committee.

James River is asking that your highway reauthorization legislation include all the provisions contained in H.R. 1064, the Safe and Competitive Trucking Act of 1991, and Sections 508 and 305 of H.R. 1351, the Administration's Highway Reauthorization Plan. These provisions represent billions of dollars in increased productivity by eliminating duplicate paperwork requirements that have no clear, safety or other public interest benefit. Their enactment would help the trucking industry better fulfill its potential in meeting James River's intermodal needs by giving it additional flexibility in tailoring service packages better to meet our customer needs.

I would like to take just a moment on this word "customer." At James River, we have many, many customers. Some of our customers have come to James River asking that this provision be included. So as I speak here, it is not just a James River request. It is the many thousands of customers that we have that may purchase the Dixie cups or whatever products that we distribute nationwide, worldwide. We are a constituent of everyone, whether we have a plant in your state or not. When our product passes through the chain—the logistics chain—we become a constituent. So that everyone is a constituent.

Waste is a word that is not mentioned in here, but it is a word that our President, Mr. Bob Williams of the James River Corporation, is tackling. In our company, the word "waste" is not very rev-

erent. If the application of H.R. 1064 in total were put to bed here and the highway reauthorization, you could cut down on the waste in America considerably.

James River appreciates this opportunity to present our views. We look forward to working with you and your staff on this important issue so that the country benefits from the safest, most efficient national highway system possible. If James River can be of any further assistance, please do not hesitate to contact me. Thank you.

Mr. MINETA. Very well. Thank you very much, Mr. Kinch.

Mr. Buchanan, your statement also will be made part of the record. If you would, go ahead and proceed.

Mr. BUCHANAN. Thank you. Mr. Chairman, members of the Committee, my name is Frank Buchanan. I am Manager of Logistics Development for Weyerhaeuser Company in Hot Springs, Arkansas. Weyerhaeuser is a diversified forest products company engaged in the production, manufacture, distribution and marketing of lumber and paper products throughout the United States. Weyerhaeuser operates five major facilities in Arkansas, and we employ approximately 2,800 Arkansans.

I appreciate the opportunity to testify on H.R. 1351, the Highway Reauthorization legislation. I am here today to urge you to continue the federal leadership in the development and maintenance of our highway system and to encourage you to include in reauthorization legislation provisions that will enhance the productivity of motor carriers utilizing that system. We are competing in a global marketplace, and with our transportation costs representing between 10 and 20 percent of the total delivered cost of goods, we feel it is vital that the infrastructure and those operating on it are safe, efficient and productive.

This can be accomplished by legislation reauthorizing the federal funding and participation in the development and maintenance of our highways. We also request that the provisions of a bill that was introduced this year by Congressman Dennis Hastert, H.R. 1064, the Safe and Competitive Trucking Act of 1991, be included in the reauthorization bill. We understand that many of the provisions in H.R. 1064 are included in the Administration's bill H.R. 1351. Congressman Hammerschmidt, we understand from our Washington office, supports the inclusion of economic deregulation of motor carriers in the highway reauthorization legislation, and we would like to personally thank him for his support and look forward to working with him on this issue that is important to all of us.

The inclusion of H.R. 1064 would ensure the implementation of the President's national transportation objectives to enhance and improve productivity and efficiency of the motor carrier industry. The bill has two areas of emphasis. First, the application of interstate regulation over interstate carriers while operating in intrastate transportation. Second, consistent taxation of motor carriers operating in all jurisdictions, not to eliminate taxes, but to provide uniformity in tax application.

A recent House of Representatives Government Operations Committee report supports this approach.

I would bring Report 101-813 to your attention where it states on page 22 of its findings:

The productivity and operating efficiency of interstate motor carriers and brokers of property are unnecessarily adversely affected by state and local economic regulations. Taxes and fees that are non-uniform, inequitable and discriminatory in form and process.

Also on page 23 in its recommendations, it is stated,

Congress should preempt the state's authority to regulate interstate, private and for-hire motor carriers and interstate brokers which provide intrastate transportation of property.

We support all aspects of the Hastert bill, but I would like to focus on the application of interstate regulation over intrastate transportation.

We at Weyerhaeuser rely heavily on the motor carrier industry to provide highway transportation services. In 1990, over 200,000 truckloads of raw material and finished goods moved in and out of our facilities at a cost in excess of $100 million. Here in Arkansas, 15,000 truckloads moved to and from our facilities. Today's regulatory environment does not always provide the efficiencies needed by these motor carriers.

Over 40 States continue to regulate the economic aspects of intrastate trucking. This creates internal trade barriers within the United States, which results in higher costs for intrastate versus interstate shipments of similar distance. I would like to share a couple of examples of how this impacts Weyerhaeuser in Arkansas.

At Dierks, Arkansas, it costs us 12 percent more—roughly 19 cents more per mile, to move a load of lumber from Dierks to West Memphis, Arkansas versus the same load from Dierks to Memphis, Tennessee, which is virtually the same distance. Using the same scenario, it costs Weyerhaeuser approximately 20 cents more per mile, a 10 percent increase, to move a load of plywood from Mountain Pine, Arkansas to here in Fort Smith versus Mountain Pine to Poteau, Oklahoma, which is virtually the same distance.

I would like to also call to your attention when Mr. Renard testified—Mr. Renard, President of Briar Gypsum, he mentioned in his testimony that potential customers in the northwest part of Arkansas tell him it is easier, cheaper and better for them to buy their material from western Oklahoma, which is an additional 100 miles away, rather than buy from him. And I would point out that we are familiar with the Briar operation and that a large part—a large reason that the customers would indicate the higher cost is the intrastate regulation of transportation costs.

These examples point out the inefficiencies of the current system created by intrastate regulations. There is another example I would like to share with you. This does not directly impact Weyerhaeuser, but certainly impacts the country's competitiveness. Steel imported to the port of Seattle costs $14 a ton to move to Spokane, Washington. Steel produced in Seattle destined to Spokane costs $18.40 a ton, a difference of 31 percent in transportation costs. This again points out the disparity between intrastate and interstate regulations and certainly yields a freight advantage to foreign competition.

There is obviously a need for the reauthorization legislation and all related transportation proposals to become more market oriented and international in their outlook. U.S. goods compete with

those made in foreign countries, and they do so both inside our country, as well as in global markets.

In closing, I would once again urge reauthorization of the federal funding of our highway system and inclusion of the provisions of H.R. 1064, which are consistent with the President's national transportation objectives. Weyerhaeuser supports your efforts, and I am grateful for the opportunity to testify today. Thank you.

Mr. MINETA. Thank you very much, Mr. Buchanan. Mr. Buchanan, you have observed that over 40 States maintain restrictions of some nature on intrastate movements by motor carriers. What elements of transportation are regulated by the States—routes, rates, commodities—and how consistent are the States in the degree of regulation that they impose?

Mr. BUCHANAN. Well, they regulate all the aspects that you mentioned. And just to deviate for one moment, I believe that earlier when our trucking panel—I believe it was Mr. Garrison that made mention that he would like to see deregulation of the rates charged and our other trucking panel members also mentioned the inefficiencies of their operation. And this certainly—when you talk about intrastate regulation—impacts the efficiencies of their operations. The rate structure is regulated. There is not an ease of entry into the marketplace and there is no uniformity whatsoever.

Mr. MINETA. Mr. Shuster.

Mr. SHUSTER. I have no questions.

Mr. MINETA. Mr. Rahall.

Mr. RAHALL. No questions.

Mr. MINETA. Any other members of the panel wish to ask questions? If not, Mr. Kinch and Mr. Buchanan, thank you very much for your presence here in helping our Subcommittee.

At this time, I would like to call forward a panel made up of Mr. Bob Crafton, Member, Board of Directors, Arkansas Good Roads Transportation Council; Mr. Ben Hogan, President, Ben M. Hogan, Company and Conway Massey, Chairman, New Generation Committee, Arkansas Oil Marketers Association.

Mr. Crafton, we will have you start for us.

## TESTIMONY OF BOB CRAFTON, MEMBER, BOARD OF DIRECTORS, ARKANSAS GOOD ROADS TRANSPORTATION COUNCIL; BEN HOGAN, PRESIDENT, BEN M. HOGAN CO., INC.; AND CONWAY MASSEY, CHAIRMAN, NEW GENERATION COMMITTEE, ARKANSAS OIL MARKETERS ASSOCIATION

Mr. CRAFTON. Thank you, Mr. Chairman. My name is Bob Crafton and I am a member of the Arkansas Good Roads Transportation Council. I want to tell you how pleased we are that we could be here and make this statement.

The Transportation Council, of course, is a private non-profit highway betterment association, as many state have. We have been in business here for about 15 or 20 years. Our membership is composed of a broad base group of Arkansans whose common goal is a better road system for Arkansas and, of course, the nation. We appreciate being here.

A central question facing the State of Arkansas today is how to ensure adequate investment in its highway system to meet the

present and future demands for economic growth or business development and for safe travel. And I was pleased, Mr. Chairman, to hear earlier in your testimony about the goals of your Committee and some of the things you want to accomplish by this Committee and to see that public safety and quality of life, of course, and some others were included in that.

You have heard testimony all morning. We know you are tired, and I am not going to be very redundant and mention a lot of things because many of the issues that we have—we want to talk about have already been talked about. But I do want to point out three or four things.

This fact that Arkansas is a donor State is hard for some of us lay people to understand where we only get 70 cents of every dollar that we pay in. It is hard to explain that to the man on the street out here, as you may well understand. But the shortage of funds is even compounded more when you consider that Arkansas, being a small state in population—we have about—less than 2.5 million people. We generate fewer revenues because of lower traffic volume. We are a rural state. We do not have any real large cities, as perhaps you may be used to. Therefore, the total sales of motor fuel is much less. In fact—and we use more fuel. The average Arkansan today will use 1,100 gallons of fuel this year. That is more than—that is the highest of any State in the Union. We have to buy a lot of fuel individually.

And being a donor State, we have helped contribute to our economic deprivation in lots of ways—witness the Delta region. You have heard testimony today that five out of these Delta States, including Arkansas, are donor States. And we just find it hard to see the fairness for these donor States to suffer while subsidizing other states.

Another point I want to make is that we—the Good Roads Transportation Council recommend that the Federal Government release to Arkansas its equitable share of the federal funding. At the present time, the 85 percent minimum allocation is not even being met, we understand. We would like to see that increased.

The AGR/TC believes that the Federal Government should maintain the integrity, of course, of the trust fund. You have heard comments on that today. And we would like to see you release some of these accumulated funds.

The AGR/TC recommends that the Federal Government spend down this trust fund. By law, the trust funds can be used for no other purpose than transportation. If we could spend down that, if we could release some of that, then work could begin now to prevent some costly repairs.

We strongly oppose the use of federal fuel taxes for deficit reduction purposes. I believe last fall when your Committee was here, Mr. Chairman, I believe it was you that predicted there would be a federal gas tax. And of course, there has been and we understand the need for a federal gas tax, but it is hard for us to understand why part of the federal gas tax should go toward reducing our deficit. We just cannot afford to continue to divert this type of revenue to other government spending.

The AGR/TC recommends that the law be changed so as to direct all revenues derived from the federal motor fuel taxes to the highway trust fund.

And we also believe, in closing, that the funding rates for the urban—rural/urban program should remain at the current level of 75/25. We know that proposed in legislation, it just may go to 60/40.

The Arkansas legislature meets twice a year. They meet for 60 days plus at the beginning of each odd year. They just passed a gas fuel tax increase. To pass taxes in Arkansas requires three-fourths of the members of both the house and senate, and they did that. They did that because they believe that we need money for roads and because our constituents out in the rural areas were willing to pay additional gas tax to fund roads. But, now we see that the federal participation may be lowered from 75/25 to 60/40. So now, the gas tax that we are going to pay—that we are glad to pay if it goes to roads—we are going to see it watered down and not go nearly as far as we had hoped. We hope something can be done to keep that 75/25 as it is.

So in closing, we know that you have a tremendous challenge before you. We know that you are faced with groups like us everywhere you go, always wanting something. And you have to balance the interest in all the legislation that you pass, and we sympathize with the job that you have. We just want you to know that we think the transportation needs in Arkansas are tremendously important, and we want to assist you in making that the top priority here in Arkansas. Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Crafton.

Mr. Hogan, your statement will be made a part of the record. And, if you will proceed in your own fashion. But before you start, I just want to thank you for your service really with the AGC. We have had an opportunity to meet before and to discuss a lot of our mutual problems and issues, but I just want to thank you for the leadership you have shown over the years in your work with AGC. So if you would, go ahead and proceed, Mr. Hogan.

Mr. HOGAN. Thank you, Mr. Chairman. I do appreciate that. And, John Paul, it is nice to see you again and other members of the Subcommittee. I am Ben M. Hogan, a contractor from Little Rock, Arkansas. Today, I represent the Arkansas chapter of the Associated General Contractors of America and also the national office of the Associated General Contractors of America. I served as President of the Arkansas chapter and President of the national organization.

The Arkansas chapter has 94 contractor members and 201 affiliated members engaged in the contracting business in Arkansas. AGC is a national trade association of more than 32,000 firms, including 8,000 of America's general contracting firms. AGC represents—excuse me—AGC appreciates the opportunity to express its views on issues facing the nation on surface transportation. AGC believes this nation must increase investments in its surface transportation infrastructure to provide the foundation for continued economic prosperity and international competitiveness.

As the 102nd Congress gets underway, we applaud this Subcommittee for scheduling these hearings and getting on with the im-

portant task of reauthorizing the nation's highway and mass transit programs. AGC is also very encouraged that President Bush and Transportation Secretary Skinner have placed transportation as a top priority of the Administration's domestic agenda. We commend you, Mr. Chairman, in the leadership of the House Public Works and Transportation Committee, for taking the initiative earlier this year to propose an aggressive five-year, $153 billion budgetary framework for the future funds of our nation's surface transportation programs. AGC believes the Committee's budget request is on the right track to improve and expand the efficiency of our nation's highways and bridges and make a substantial federal commitment towards addressing the documented annual highway capital needs of all levels of government of $58.5 billion per year. It can also make a critical difference in the state of the U.S. economy now and in the future. Included in AGC's statement for the record are a number of recommendations which we offer to the Subcommittee for its consideration in development of the legislation. I would like to briefly highlight only a few of the recommendations.

User fee trust fund concepts. The critical element which has led to the success of the Federal Aid Highway Program is the user fee finance trust fund mechanism which is used to support it. This concept must be retained for a successful future program. Maintain the gas tax for transportation purposes. AGC strongly urges the Congress to reject any further proposal to increase the gasoline tax for deficit reduction or non-transportation spending. AGC further urges the Congress to place the 2.5 cents now going into the general fund for deficit reduction in the highway trust fund to be used for much needed highway and bridge improvements. AGC supports Congressional efforts to increase funding for the nation's highway program through spending down the trust fund balance, increasing the highway user fees and elimination of the tax exemption for gasohol.

Funding flexibility between highway and transit programs. AGC is concerned about the provisions in the Administration's bill which provides state and local governments the flexibility to transfer funding between the highway and transit programs. AGC continues to believe that the revenues placed in the highway account of the trust fund must be expended solely for highway improvements. Current revenues are insufficient to meet the documented highway needs.

Equitable distribution of funding. AGC believes that two concepts contained in the current program assures all States a certain level of equity in the distribution of funds. They are the .5 percent minimum apportionment and the 85 percent minimum allocation provisions. AGC endorses the overall concept of guaranteeing small and rural states the minimum level of total federal spending to support their highway programs. AGC equally endorses the concept of guaranteeing a minimum level of return of trust fund contributions to states which through the formula process receives significant less in apportionment than they contribute into it.

Special preference programs. AGC urges that the Congress sunset the current DBE program which results in the denial of subcontracts to many individuals because of their race, gender or national origin.

In closing, AGC acknowledges that the Congress faces a tremendous challenge in balancing the interest in the future legislation and stands ready to work with the Congress as it develops solutions to the nation's national transportation infrastructure crisis.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Hogan.

Mr. Massey.

Mr. MASSEY. Good afternoon, Mr. Chairman and Congressman Hammerschmidt and members of the Subcommittee. I appreciate the opportunity to testify today. My name is Conway Massey, and I am General Manager of Littlefield Oil Company. Littlefield Oil is a wholesale distributor of gasoline and diesel. It supplies fuel at approximately 185 outlets. Twelve of these outlets were built to serve the interstate highway traveler. Six of these outlets are truck stops.

I am appearing today as a representative of Petroleum Marketers Association of America, the PMAA, and the Arkansas Oil Marketers Association, the AOMA. PMAA is a federation of 44 State and regional trade associations representing more than 11,000 independent petroleum marketers. The Arkansas Oil Markets Association has represented wholesale distributors since 1942 and its members sell half of the gasoline and diesel consumed in Arkansas. I would like to thank you for selecting Arkansas as a site for receiving testimony today.

Reviewing highway programs and planning for the needs of the country at this time of revenue shortages is particularly difficult. Because of this urgent need for additional revenues, the petroleum marketing industry fears that the President's proposal to lease land at rest areas or along the interstate will be considered attractive. Currently, such leases are prohibitive. We believe that this proposal would cause substantial damage to small businesses, such as Littlefield Oil, who are now selling gasoline and diesel at interstate interchanges. And we, therefore, oppose Section 306 of H.R. 1351.

First, additional stations are not necessary along the interstate system. At most highway interchanges, service stations have been constructed to serve the motoring public, and many operate 24 hours a day. Nearly every available and economically viable interchange has been developed. Mr. Chairman, competition for the motorist is vigorous at these interchanges, with a variety of businesses competing for the passing motorist. This vigorous competition leads to lower gasoline prices and customer convenience. We believe the present system serves the motorist very well.

Allowing a state to lease land along the interstate would be extremely harmful to our members and seriously undermine the investments they have made adjacent to the interstate. Sites on the interchange are usually leased or sold at two to ten times the amount of sites not on the interchanges. While competition should always be encouraged by the Congress, my business cannot fairly compete if I bought a piece of property based on the assumption that it would be the best site to serve the motorist, when just down the road, a rest area begins selling fuel right on the interstate. When I buy a site at an interchange, I pay a premium for it. I also know that I must sell high volumes of fuel to stay in business.

Opening the rest area to commercialization will undercut the marketing decision that I made when I picked that location and will probably prevent me from selling high volumes that I need. Without the high volumes, I cannot afford to pay rent, taxes or wages to my employees.

An additional problem with allowing new commercial development on the interstate is the Highway Beautification Act. Through the efforts of Congress, much of the interstate system is well landscaped and is free from commercialization. Billboards are prohibited in many areas. And in many cases, there are no effective means of advertising services to the public. Under the present system, I advertise my stations through an official signage program. Shortly before the exit, I am allowed to rent space on an official interstate sign. On this sign, the brand of gasoline is indicated, but there is no mention of price. In contrast, a rest area will be advertised for many miles through the State's rest area signs, and the facility itself will be readily visible from the interstate. A motorist driving the interstate may not even know that I am selling fuel at a competitive price just down the road. The motorist will become a captive customer of the rest area facility. I do not know how an independent businessman can compete in that situation.

A final concern of our members is that they may be financially excluded from ever participating in leases along the interstate if this prohibition is removed. A State interested in leasing service station space along the interstate easement would probably attempt to lease all sites to one bidder to minimize administrative costs. Or one major oil company may try to lease all sites in one state. In either case, there will be fewer suppliers of fuel and less competition.

In conclusion, the original Interstate Authorization Act clearly established that the interstate system would not be a commercial corridor. Businesses, including marketers, have relied on that decision to construct facilities at interchanges and to continue to make substantial investments to maintain and improve those facilities. A sharp change in the rules at this time would not be fair to these businesses who have and who will continue to provide public services. PMAA and AOMA respectfully urges you to oppose any proposal which would allow commercial development on the interstates, including Section 306 of the President's proposal.

We thank you for your consideration of this matter, and I will be happy to provide any answers to questions you might have.

Mr. MINETA. Thank you very much, Mr. Massey. Let me ask with regard to your statement, do you believe a State's leasing revenues from commercial rest area establishments would outweigh the potential loss in income and property taxes from businesses such as yours that might occur if rest areas were permitted to be commercialized?

Mr. MASSEY. Yes, we do. Once those sites come into being, the value at those interchanges as far as the service stations and convenience stores, truck stops, are going to depreciate considerably. And we do feel like that we would lose the property value, as well as the business and volume and all those things.

Mr. MINETA. So, this idea of, let us say, the State just leasing to XYZ Corporation or to ABC Oil Company would be—as you say, it

would reduce their administrative costs, but this would really reduce the potential competition then.

Mr. MASSEY. Absolutely. We feel like—and have a little bit of basis in some other situations—that if that became available and if the State began to lease out those properties, that the local State jobbers would not be able to get a piece of that pie, largely because we would not have enough money to make the bids to do that, in many cases. Most of our jobbers in our organizations are smaller and could not make that type of investment. So, we feel like the larger oil companies would gain and the independent petroleum distributors would lose.

Mr. MINETA. Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. I want to thank all of you for your very professional and helpful testimony.

Ben, let me ask you, you mentioned that a high percentage—over 80 percent of all America's personal travel, commuter travel, freight traffic, occurs on our highway system. In a rural State like Arkansas, I know this is particularly true. Now, you are wearing two hats today. I guess you are wearing the Arkansas hat and maybe the national hat, but——

Mr. HOGAN. Hopefully, yes.

Mr. HAMMERSCHMIDT [continuing]. With your Arkansas hat on, in light of these statistics, what is your view of allowing significant amounts of highway funds to be eligible for transit projects?

Mr. HOGAN. I am very much against that. I think we have got a tremendous shortage of highway funds now. And it seems to me the last study showed, as a nation, we ought to be spending $58 billion; we are only spending $31 billion. And I do not see how you can take away from that for mass transit. It appears to me that mass transit in Arkansas does deserve a different formula, perhaps something similar to the 85 percent minimum return that we now have in the highway part of it.

Mr. HAMMERSCHMIDT. Thank you.

Bob, you mentioned toll facilities, allowing 35 percent to be used there. I have lost track. Do we now have statutory authority yet in the State of Arkansas? Did the State act to allow us to do that?

Mr. CRAFTON. There was nothing in the last session of the legislature, I do not believe, Mr. Hammerschmidt. If they did, they did it in previous years. Of course, our highway commission is the turnpike authority, as you know, but I am not sure about the legislation. I will research that for you and respond to you.

[Mr. Crafton's response may be found on page 2250.]

Mr. HAMMERSCHMIDT. I remember at one time, you know, we had a separate turnpike authority and turnpike commission years back in the early 60's. You know, toll roads are something of interest to us at the federal level, and I am just speaking about Arkansas. But, I would assume that we would want to leave ourselves some flexibility there in our legislative process at the State level.

Mr. CRAFTON. Absolutely. We have discussed before in meetings such as this, I believe, the possibility of future legislation allowing federal funds toward toll roads also. And that would make many of our roads perhaps eligible. It would make them self-sufficient. We are comparing 412, for instance, that butts up against Oklahoma. But Oklahoma has had turnpikes for 40 years, and some have been

very successful, and they have left those tolls on those. And now, they are subsidizing other toll roads. And that makes them be able to build other toll roads, just like the Cherokee Turnpike. It has about the same traffic as our 412 over against the Arkansas line, but it will be subsidized by the turnpike between Tulsa and Oklahoma City and others. So, any type of legislation there would be good for us.

Mr. HAMMERSCHMIDT. Well, thank you very much, Bob, for your testimony.

Thank you, Mr. Massey.

Mr. MINETA. Mr. Shuster.

Mr. SHUSTER. No questions, Mr. Chairman.

Mr. MINETA. Mr. Rahall.

Mr. RAHALL. No questions.

Mr. MINETA. Any other members of the panel wish to direct questions to the panel?

[No response.]

Mr. MINETA. Well, let me thank again Mr. Crafton, Mr. Hogan and Mr. Massey for your presentation here today. I appreciate it.

If there is no further business then before the Subcommittee, we would like to thank very much the folks here in Fort Smith. Again, Bill, thank you very much for your wonderful hospitality. To Ray, from Mr. Hammerschmidt's office, again thank you. And to everyone else from this area who has been so generous and so hospitable to us. We are going to come back. Thank you.

The Subcommittee stands adjourned.

[Whereupon, at 12:41 p.m., the Subcommittee was adjourned.]

Weyerhaeuser

PREPARED STATEMENTS

OF WITNESSES

P.O. Box 1250
Hot Springs, Arkansas 71902

**STATEMENT BY**
**FRANK BUCHANAN**
**WEYERHAEUSER COMPANY**
**BEFORE**
**THE U.S. HOUSE OF REPRESENTATIVES**
**COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION**
**FORT SMITH, ARKANSAS**
**APRIL 22, 1991**

Mr. Chairman, Members of the Committee:

My name is Frank Buchanan. I am Manager of Logistics Development for Weyerhaeuser Company in Hot Springs, Arkansas. Weyerhaeuser is a diversified forest products company engaged in the production, manufacture, distribution and marketing of lumber and paper products throughout the United States. Weyerhaeuser operates five major facilities in Arkansas, and employs approximately 2800 Arkansans. My responsibilities include providing safe, efficient, cost effective transportation services to and from our facilities.

I appreciate the opportunity to testify on H.R. 1351, the Highway Reauthorization legislation. I am here today to urge you to continue the Federal leadership in the development and maintenance of our highway system and to encourage you to include in reauthorization legislation provisions that will enhance the productivity of motor carriers utilizing that system. We are competing in a global marketplace, and with transportation costs representing between 10 - 20% of the total delivered cost of goods,

it is vital that the infrastructure and those operating on it are safe, efficient and productive.

This can be accomplished by legislation reauthorizing the Federal funding and participation in the development and maintenance of our highways. We also request that the provisions of a bill that was introduced this year by Congressman Dennis Hastert (R-IL), H.R. 1064, The Safe and Competitive Trucking Act of 1991, be included in the reauthorization bill. We understand that many of the provisions in H.R. 1064 are included in the Administration's bill (H.R. 1351).

The inclusion of H.R. 1064 would insure the implementation of the President's national transportation objectives to enhance and improve productivity and efficiency of the motor carrier industry. The bill has two areas of emphasis:

- First, the application of **inter**state regulation over **inter**state carriers while operating in **intra**state transportation.
- Second, consistent taxation of motor carriers operating in all jurisdictions, not to eliminate taxes, but to provide uniformity in tax application.

A recent House of Representatives Government Operations Committee report supports this approach. I would bring House

Report 101-813 to your attention where it states on page 22 in its findings: "The productivity and operating efficiency of interstate motor carriers and brokers of property are unnecessarily adversely affected by State and local economic regulations, taxes and fees that are non-uniform, inequitable, and discriminatory in form and process. Also the report on page 23 in its recommendations stated: "Congress should preempt the State's authority to regulate interstate private and for-hire motor carriers, and interstate brokers, which provide intrastate transportation of property."

We support all aspects of the Hastert bill, but I would like to focus on the application of interstate regulation over intrastate transportation.

Weyerhaeuser relies heavily on the motor carrier industry to provide highway transportation services. In 1990, over 200,000 truckloads of raw material and finished goods moved in and out of our facilities at a cost in excess of $100 million. In Arkansas 15,000 truckloads moved to and from our facilities, most via regulated motor carriers. Today's regulatory environment does not always provide the efficiencies needed by our carriers.

Over 40 states continue to regulate the economic aspects of intrastate trucking. This creates internal trade barriers within the United States, which results in higher costs for intrastate vs. interstate shipments of similar distance. Let me share with you

two examples of how this impacts Weyerhaeuser in Arkansas (maps attached).

- It costs Weyerhaeuser 19 cents more per mile, or an additional 12% to move a load of lumber from Dierks, Arkansas to West Memphis, Arkansas; vs. Dierks to Memphis, Tennessee, which is virtually the same distance.
- It also costs Weyerhaeuser 20 cents a mile more, a 10% increase to move a load of plywood from Mt. Pine, Arkansas to Fort Smith, Arkansas; vs. Mt. Pine to Poteau, Oklahoma, which is the same distance.

These examples point out the inefficiencies of the current system created by **intra**state regulations. There is another example I would like to share with you. This doesn't directly impact Weyerhaeuser but certainly impacts the country's competitiveness.

- Steel **imported** through the Port of Seattle costs $14/ton to move to Spokane, WA.
- Steel **produced** in Seattle destined to Spokane, costs $18.40/ton, a difference of 31%.

This again points out the disparity between **intra**state and **inter**state regulations and certainly yields a freight advantage to foreign competition.

There is obviously a need for the reauthorization legislation

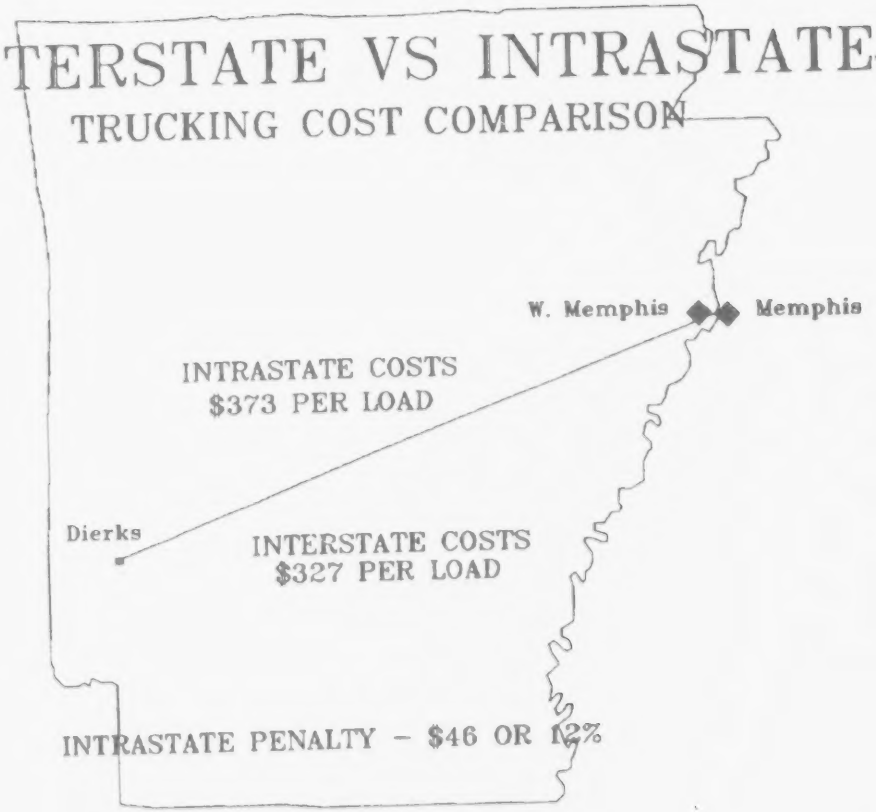
and all related transportation proposals to become more market-oriented and international in their outlook. U.S. goods compete with those made in foreign countries, and they do so both inside our country, as well as in global markets.

In closing, I would once again urge reauthorization of the Federal funding of our highway system and inclusion of the provisions of H.R. 1064, which are consistent with the President's national transportation objectives.

The challenge of this reauthorization legislation is to create a national highway system which enhances commerce and the general well-being. Weyerhaeuser supports your efforts and I am grateful for the opportunity to testify today. If you have any questions, I will try to answer them. Thank you.

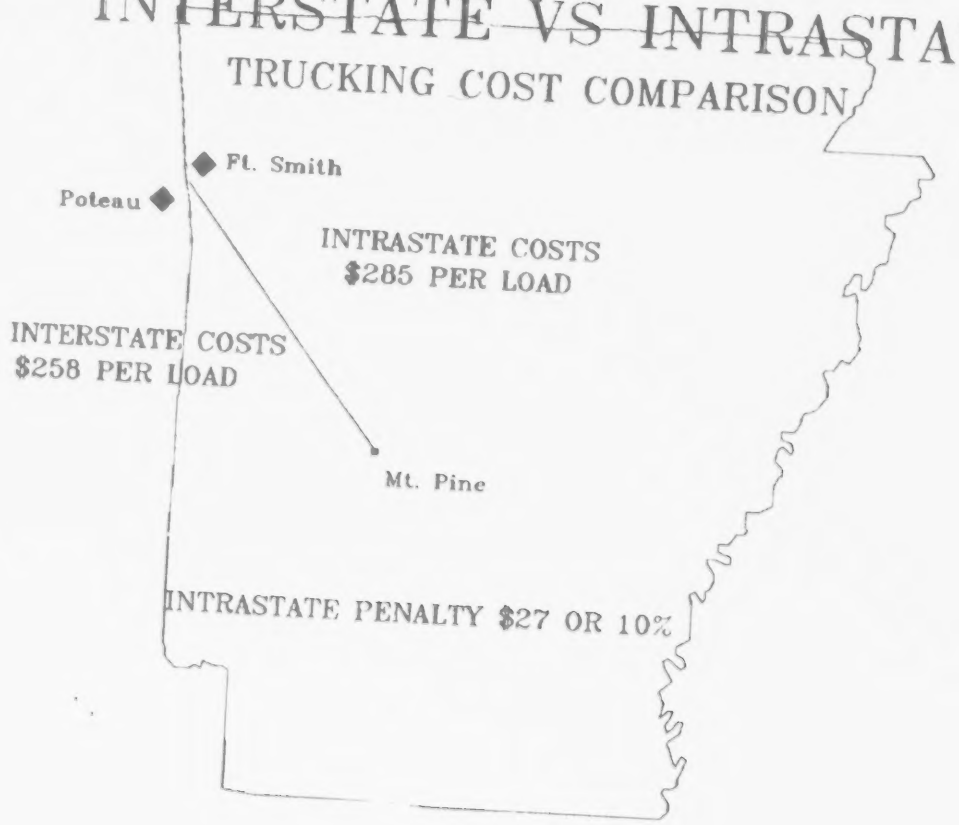
# INTERSTATE VS INTRASTATE

## TRUCKING COST COMPARISON

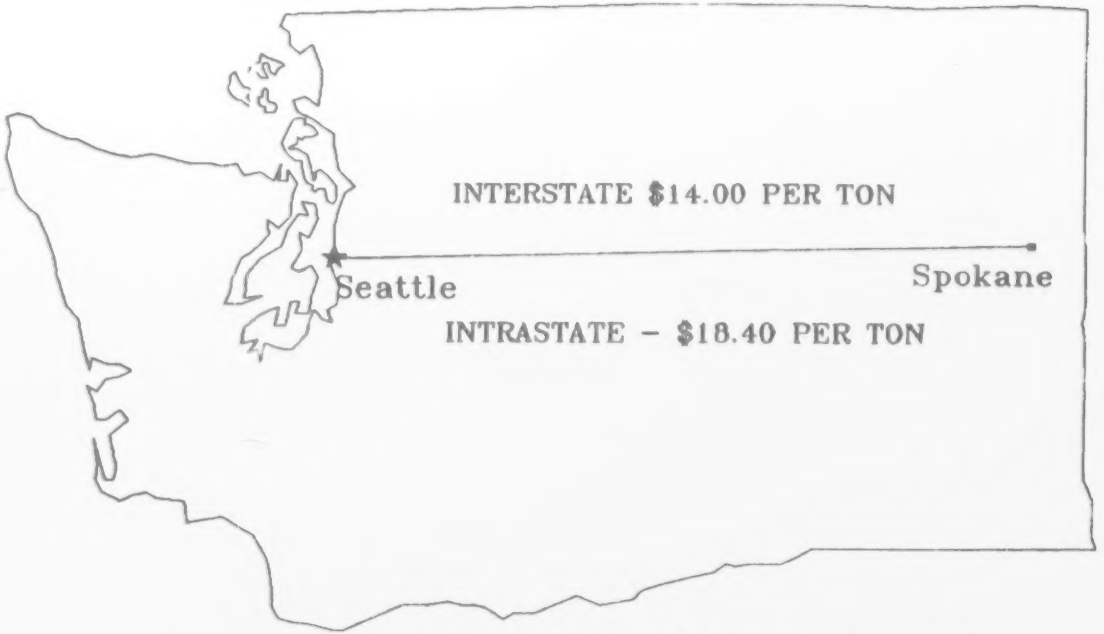


# INTERSTATE VS INTRASTATE

## TRUCKING COST COMPARISON

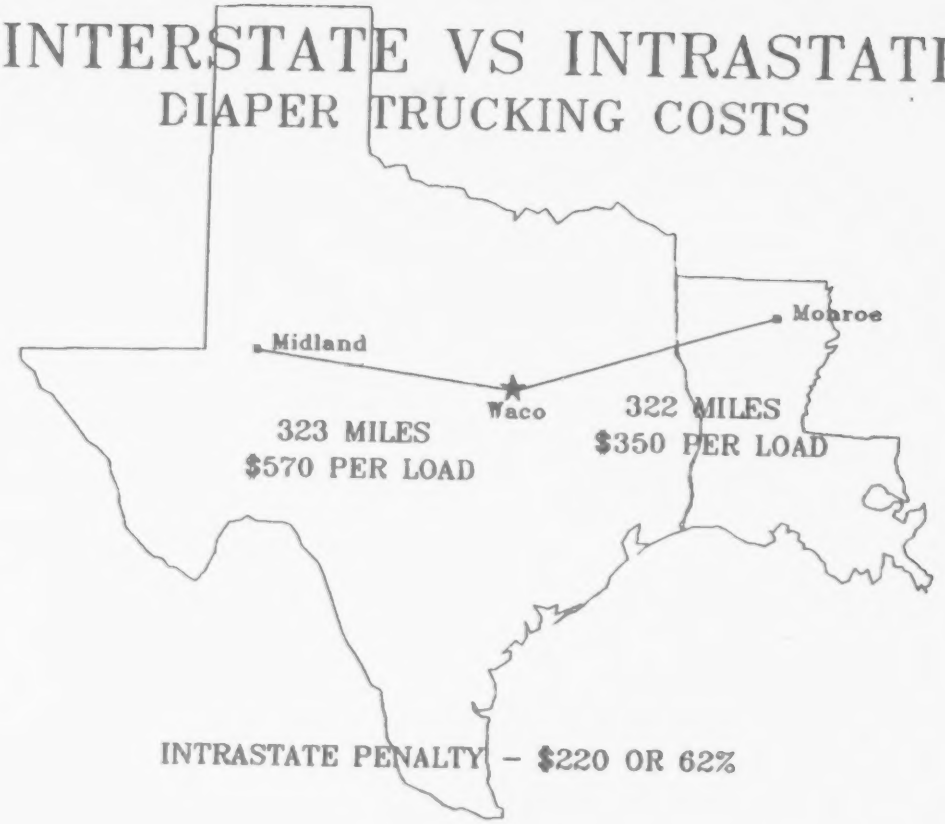


# INTERSTATE VS INTRASTATE
## STEEL TRUCKING COSTS




INTRASTATE PENALTY -- $4.40 PER TON 31%

# INTERSTATE VS INTRASTATE
## DIAPER TRUCKING COSTS




INTRASTATE PENALTY – $220 OR 62%

STATEMENT OF BOB H. CRAFTON,
ARKANSAS GOOD ROADS
TRANSPORTATION COUNCIL

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Transportation
Council

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North Little Rock

April 15, 1991

The Honorable John Paul Hammerschmidt
U. S. Representative
P. O. Box 1624
Fort Smith, Arkansas 72901

Dear Congressman Hammerschmidt:

Submitted herewith are copies of the comments of the Arkansas Good Roads/Transportation Council regarding the proposed Reauthorization of the Surface Transportation Act.

We are grateful to you for hosting the Field Hearing of the House Public Works and Transportation Committee in your home District. It will allow members of the Committee to get a first hand look at Arkansas' highway needs.

Thank you for this opportunity to submit the Council's comments. Please let me know if additional information or clairfication is needed.

Very truly yours,

Bobby E. Bogard

Bobby E. Bogard
President

BEB:mb

ARKANSAS GOOD ROADS/TRANSPORTATION COUNCIL

P. O. Box 6

LITTLE ROCK, ARKANSAS 72203

APRIL 22, 1991

COMMENTS ON THE PROPOSED

SURFACE TRANSPORTATION ASSISTANCE ACT OF 1991

---The funds available for the National Highway System (NHS), under the proposal, are actually less than current funds available for the Interstate and Primary System. Not until FY 1996 will the funds available for the NHS under the proposal surpass those which are available under the current (1987) Highway Act for interstate and primary.

The House Public Works and Transportation Committee has proposed a $153 billion Highway Bill as compared to the $89 billion funding level contained in the administrations proposal. The Committee's $153 billion proposal is much more in line with actual needs and we strongly endorse the increased amount.

---The limit of 150,000 miles in the National Highway System falls short of the needs. Arkansas would stand to lose about 3,000 miles from its highest level system. A system of 200,000 miles would be more in line with what is needed and the AGR/TC recommends that amount.

---The federal/state funding ratio for the Bridge program should be retained at 90/10. In these times of cutbacks at all levels of government, it will be very difficult for state and local governments to meet an increased share requirement. In addition, the funding allocation for the bridge program is inadequate.

---The proposal to allow up to 35 percent of the funding for toll roads to come from the federal government is a good move. However, public user fee supported financing and the principle of awarding construction contracts through the competitive bidding process must remain the cornerstone of our national highway improvement program.

---The proposal contains no provision for a minimum allocation to states. Assurances have been made by the Federal Highway Administration that appropriations to the states will be approximately 95% of the state's contributions to the Highway Trust Fund. In order to insure that states receive their equitable distribution of funds, the minimum allocation provision should be retained. A minimum allocation provision of 95% is hereby recommended. Likewise, the transit programs should have a minimum allocation provision. Seventy percent is recommended as an equitable minimum allocation.

In closing, let me say that the Arkansas Good Roads/Transportation Council is generally satisfied with the intent of the Administration's proposal. However, we are very concerned about the several matters mentioned above. We urge you to give these matters due consideration when fine tuning the proposed Surface Transportation Assistance Act of 1991.

Thank you for allowing us to share our thoughts with you.

Respectfully submitted,

Bobby E. Bogard
President

PRESENTED AT THE APRIL 22, 1991
CONGRESSIONAL HEARING IN FORT SMITH, ARKANSAS
HOUSE SUB-COMMITTEE OF SURFACE TRANSPORTATION

STATEMENT OF

BOB H. CRAFTON

REPRESENTING THE ARKANSAS GOOD ROADS/TRANSPORTATION COUNCIL

Mr. Chairman, members of the Transportation Sub-Committee, fellow council members. My name is Bob Crafton, a member of the Board of Directors of the Arkansas Good Roads/Transportation Council (AGR/TC).

The Council is a private non-profit highway betterment association. Membership is composed of a broad based group of Arkansans whose common goal is a better road system for Arkansas and the nation.

We appreciate the opportunity afforded us to express the Good Roads Transportation Council's views on the critical nature of funding for Arkansas' highways.

A central question facing the State of Arkansas today is, "How to ensure adequate investment in its highway system to meet present and future demands for economic growth, business development, and safe travel for our residents and visitors?"

We believe there are several issues that need to be re-emphasized regarding funding for Arkansas' transportation system.

1. ARKANSAS IS A DONOR STATE TO THE FEDERAL HIGHWAY TRUST FUND. We currently receive only about 72¢ for every dollar that our motorists pay in the form of Federal fuel taxes. If Arkansas were to get back all of the revenue it put into the federal highway program, our highways would not be in such a bad state of disrepair. The shortage of funds is even compounded when you consider that Arkansas, being a much smaller population, rural state, generates fewer revenues because of lower overall traffic volume, resulting in less total sales of motor fuel. On the other hand, the average Arkansas

motorist uses 1100 gallons of fuel per year, the highest average per motorist usage of any state in the nation.

Arkansas, being a donor state, has contributed to its economic deprivation; witness the Delta region. Five of those delta states, including Arkansas, are donor states. We do not believe it is morally fair for Arkansas to suffer as a donor state while subsidizing those states that receive more than their fair share.

2. The AGR/TC RECOMMENDS that the Federal Government release to Arkansas its equitable share of federal funding. At the present time, the 85% minimum allocation provision is not even being met.

3. THE AGR/TC BELIEVES THAT THE FEDERAL GOVERNMENT SHOULD MAINTAIN THE INTEGRITY OF THE TRUST FUND and not use it to prop up the federal budget deficit. Releasing these accumulated funds would make funding possible for several critical highway projects in Arkansas.

4. THE AGR/TC RECOMMENDS that the federal government spend down the trust fund. Holding on to the money just does not make good sense. By law, the trust funds can be used for no other purpose than transportation. Bankrolling these funds is not only a breach of faith with Arkansas transportation users, it is also postponing work that should be done now to prevent more costly repairs.

5. The AGR/TC strongly opposes the use of federal fuel taxes for deficit reduction purposes. The highway needs of Arkansas are so severe that we cannot afford to continue to divert this revenue source to other government spending. The federal deficit fuel tax is also disproportionate, putting a greater burden on rural states like Arkansas where more people must rely heavily on personal vehicle travel for both

work and leisure.

The recently enacted law increasing federal motor fuel taxes by 5c per gallon and diverting one half of that for deficit reduction purposes is a breach of faith with the American people.

6. The AGR/TC recommends that the law be changed so as to direct all revenues derived from federal motor fuel taxes to the Highway Trust Fund. Further, we support the proposed spend down of the Highway Trust Fund, even at a faster pace that currently proposed.

7. The AGR/TC believes that the funding rates for the rural/urban program should remain at the current level of 75/25. The proposed change to 60/40 would severely restrict the ability of rural states such as Arkansas to take part in the program.

In closing, the AGR/TC recognizes the tremendous challenge Congress faces in balancing interests in future legislation and stands ready to work with members of Congress to address these funding problems. We should all agree though, that the transportation needs of Arkansas, as well as other states, should be our top priority to ensure the nation's growth and competitiveness.

Thank you for the opportunity to express our thoughts on funding for Arkansas' highway system.

Bob H. Crafton, Member
AGR/TC Board of Directors

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**Crafton, Tull & Associates, Inc.**
Architects & Engineers

April 25, 1991

Hon. John P. Hammerschmidt
U.S. House of Representatives
2207 Rayburn Road
Washington, D. C. 20515

Dear Congressman Hammerschmidt:

First of all, we want to thank you for holding the public meeting of your Surface Transportation Sub-Committee in Fort Smith. We appreciate the opportunity to express our views concerning the proposed legislation being considered.

You asked me the status of turnpike legislation and I was not able to give you a definitive answer. Subsequent to that hearing, I have obtained copies of the current statutes for your use:

1. 1973 - Arkansas Turnpike Authority Act
2. 1989 - Act 192, giving the State Highway Commission the authority to undertake projects.
3. 1991 - Act 547, authorizing the State Highway Commission under certain conditions to transfer Federal funds to the Turnpike Authority.

It appears to us that the above legislation should be sufficient to allow toll roads to be constructed and maintained in Arkansas.

With Federal legislation that would allow supplemental Federal-Aid to tollroads, there may be certain routes in Arkansas that could qualify.

Thank you again for holding the hearing. We trust this information will be beneficial to you.

Sincerely,

Bob H. Crafton

Bob H. Crafton, P.E.
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Enclosures

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(c) All highway revenues transferred to the State Highway and Transportation Department Fund under the provisions of this subchapter shall be used for the construction, reconstruction, and maintenance of highways and bridges in the state highway system.

**History.** Acts 1965 (1st Ex. Sess.), No. 39, § 5; 1967, No. 11, § 1; 1967, No. 41, § 1; 1967, No. 417, § 1; 1968 (1st Ex. Sess.), No. 10, § 1; A.S.A. 1947, § 76-334.

### 27-70-208. Disposition of gross receipts taxes on gasohol.

The gross receipts taxes levied and collected on gasohol, which was exempted from the motor fuel tax by §§ 26-55-205 and 26-55-207 and Acts 1965 (1st Ex. Sess.), No. 40, Ch. 2, § 2 [repealed], shall be used by the State Highway and Transportation Department to defray, in whole or in part, the cost of constructing, widening, reconstructing, maintaining, resurfacing, or repairing the public highways, and retiring highway indebtedness of this state. These taxes shall be remitted to the State Highway and Transportation Department in accordance with this subchapter.

**History.** Acts 1981, No. 865, § 1; A.S.A. 1947, § 76-334.1.

## CHAPTER 71
## TURNPIKES

SUBCHAPTER.
1. General Provisions.
2. Arkansas Turnpike Authority.
3. Turnpike Project Revenues.
4. Turnpike Revenue Bonds.

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### RESEARCH REFERENCES

**Am. Jur.** 40 Am. Jur. 2d, Highways, § 611 et seq.
C.J.S. 90 C.J.S., Turnpikes, § 1 et seq.

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### Subchapter 1 — General Provisions

SECTION.
27-71-101. Title.
27-71-102. Construction — Scope of authority.
27-71-103. Definitions.
27-71-104. Ad valorem tax exemption.
27-71-105. No right of any character created until sale and delivery of bonds.

**Effective Dates.** Acts 1973, No. 312, § 26: Mar. 13, 1973. Emergency clause provided: "It is hereby found and declared that the construction and operation of turnpike projects, as authorized by this Act, are required for the public health, safety and welfare because of the increase of commerce and vehicular travel essential to individual and State progress and prosperity. The moneys now available are insufficient to permit the construction of turnpike projects that can be constructed under the authority of this Act. The realization of the public benefits sought to be accomplished by this Act depends upon the prompt undertaking of the acts authorized hereby. Also, prompt action is necessary to coordinate planning and construction with similar projects in other states. Therefore, it is declared, for these reasons, that an emergency exists and this Act, being essential for the preservation of the public peace, health and safety, shall take effect and be in force from and after its passage and approval."

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## 27-71-101. Title.

This chapter may be referred to and cited as the "Arkansas Turnpike Authority Act."

**History.** Acts 1973, No. 312, § 1; A.S.A. 1947, § 76-2401.

## 27-71-102. Construction — Scope of authority.

(a) This chapter shall be construed liberally. All acts and activities of the authority authorized by this chapter are legislatively determined and declared to be essential governmental functions.

(b) In this regard, it is determined and declared that this chapter is the sole authority necessary for the performance of the acts authorized, including, without limitation, the issuance of bonds.

(c) The authority is empowered to take such action and do or cause to be done such things as shall be necessary or desirable to accomplish and implement the purposes and intent of this chapter according to the import hereof with the action taken by the authority or the things done or caused to be done by the authority pursuant to the provisions of this section being determined and declared to be ministerial rather than legislative in nature.

**History.** Acts 1973, No. 312, § 22; A.S.A. 1947, § 76-2423.

## 27-71-103. Definitions.

As used in this chapter, unless the context otherwise requires:

(1) "Authority" means the Arkansas Turnpike Authority created by this chapter;

(2) "Project" or "turnpike project" means any express highway constructed under the provisions of this chapter by the authority, including, without limitation, lands, rights-of-way, bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches,

toll houses, service stations, administration buildings, storage buildings, other buildings, and facilities which the authority may deem necessary or desirable for the operation of a turnpike project, together with all property, rights, easements, rights-of-way, and interest that may be acquired by the authority for or in connection with the construction or operation of a turnpike project. Each turnpike project shall be separately designated by appropriate name or number and may be constructed, reconstructed, or extended in sections and stages as the authority may from time to time determine;

(3) "Costs" or "project costs" embraces all direct and indirect costs incurred in connection with the acquisition of rights-of-way for and constructing and equipping turnpike projects including, without limitation, the cost of the acquisition of all lands, rights-of-way, property, rights, easements, and interest acquired by the authority, the cost of demolishing or removing buildings or structures on the land so acquired, the cost of acquiring any lands to which those buildings or structures may be moved, the cost of all machinery and equipment, financing charges, interest prior to and during construction and for a period of not exceeding one (1) year after construction, the establishment of necessary funds and reserves, the cost of traffic estimates, engineering fees, legal fees, plans, specifications, surveys, estimates of cost and revenues, any other expenses or expenditures necessary or incidental to determining the feasibility or practicability of a turnpike project, administration expense, and any other expense, cost, or expenditure necessary or incidental to the construction of a turnpike project, the financing of the construction and the placing of the turnpike project into operation. Any obligation, expense, or expenditure incurred or made by the State Highway Commission, or any other state agency or department with the authority or prior or subsequent approval of the authority for matters pertaining to a turnpike project, including, without limitation, traffic surveys, borings, preparation of plans and specifications, engineering services, and any other expenses, costs, or expenditures of whatever nature shall be regarded as part of the costs of a turnpike project and may be reimbursed to the State Highway Commission or other agency or department of the state out of the proceeds of revenue bonds hereafter authorized or out of any other available funds of the authority;

(4) "Public roads" or "public highways" means all public highways and roads which at any time are part of the state highway system and all roads and highways which are part of the county road system of the State of Arkansas and all streets and roadways maintained by any municipality, improvement district, or political subdivision in the State of Arkansas;

(5) "Bonds," "turnpike revenue bonds," or "revenue bonds" means revenue bonds of the authority authorized under and issued pursuant to authorization conferred by this chapter;

(6) "Owner" means all individuals, partnerships, associations, corporations, or organizations having any title or interest in any property,

rights, easements, and interest authorized to be acquired by and under the authority conferred by this chapter;

(7) "Revenues" or "turnpike project revenues" embraces all tolls, rentals, turnpike gasoline tax revenues, gifts, grants, moneys, charges, and other funds and property of whatever nature coming into the possession of or under the control of the authority by virtue of this chapter, except the proceeds derived from the sale of revenue bonds issued under the provisions of this chapter;

(8) "Debt service" means the amounts necessary for paying principal, interest, trustee's, and paying agent's fees and the amounts necessary to establish and maintain debt service reserves as provided in the authorizing resolution or trust indenture identified hereinafter.

**History.** Acts 1973, No. 312, § 8; A.S.A. 1947, § 76-2409.

### 27-71-104. Ad valorem tax exemption.

(a) All turnpike projects and all the properties thereof are legislatively determined and declared to be public properties used exclusively for public purposes.

(b) The legislative intent is that turnpike projects and all properties thereof shall be exempt from ad valorem taxes under and pursuant to the provisions of the Arkansas Constitution, Article 16, Section 5.

**History.** Acts 1973, No. 312, § 18; A.S.A. 1947, § 76-2419.

### 27-71-105. No right of any character created until sale and delivery of bonds.

This chapter shall not create any right of any character, and no right of any character shall arise under or pursuant to it unless and until bonds issued under this chapter have been actually sold and delivered by the authority.

**History.** Acts 1973, No. 312, § 23; A.S.A. 1947, § 76-2424.

## SUBCHAPTER 2 — ARKANSAS TURNPIKE AUTHORITY

SECTION.
27-71-201. Creation.
27-71-202. Members.
27-71-203. Organization.
27-71-204. Secretary — Bond.
27-71-205. Meetings.
27-71-206. Powers — Generally.
27-71-207. Arrangements to study proposed turnpike projects.
27-71-208. Turnpike project prerequisites.
27-71-209. Powers and duties — Turnpike projects.
27-71-210. Audit of records and accounts of authority — Report.

**Effective Dates.** Acts 1973, No. 312, § 26: Mar. 13, 1973. Emergency clause provided: "It is hereby found and declared that the construction and operation of turnpike projects, as authorized by this Act, are required for the public health, safety and welfare because of the increase of commerce and vehicular travel essential to individual and State progress and prosperity. The moneys now available are insufficient to permit the construction of turnpike projects that can be constructed under the authority of this Act. The realization of the public benefits sought to be accomplished by this Act depends upon the prompt undertaking of the acts authorized hereby. Also, prompt action is necessary to coordinate planning and construction with similar projects in other states. Therefore, it is declared, for these reasons, that an emergency exists and this Act, being essential for the preservation of the public peace, health and safety, shall take effect and be in force from and after its passage and approval."

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## 27-71-201. Creation.

There is created and established an authority to be known as the "Arkansas Turnpike Authority."

**History.** Acts 1973, No. 312, § 2; A.S.A. 1947, § 76-2402.

## 27-71-202. Members.

(a) The authority shall consist of five (5) members, made up of the five (5) individuals who are serving from time to time as the members of the State Highway Commission.

(b) The term of office of each member shall be the same as, and run concurrently with, each individual's tenure on the State Highway Commission.

**History.** Acts 1973, No. 312, §§ 3, 4; A.S.A. 1947, §§ 76-2403, 76-2405.

## 27-71-203. Organization.

The individual serving as chairman from time to time of the State Highway Commission shall be chairman of the authority, and the Director of Highways and Transportation shall be the secretary of the authority.

**History.** Acts 1973, No. 312, § 3; A.S.A. 1947, § 76-2403.

### 27-71-204. Secretary — Bond.

(a) The secretary shall be the authority's disbursing agent and executive officer.

(b) The secretary shall furnish bond to the State of Arkansas, with a corporate surety, in the penal sum of fifty thousand dollars ($50,000). This bond shall be conditioned that he will faithfully perform his powers, functions, and duties and properly handle all funds received and disbursed by him and account therefor.

(c) An additional disbursing agent's bond shall not be required of the secretary.

(d) The premium on the bond shall be a proper charge against funds of the authority.

**History.** Acts 1973, No. 312, § 7; A.S.A. 1947, § 76-2408.

**A.C.R.C. Notes.** The operation of subsections (b)-(d) of this section was suspended by adoption of a single blanket bond program for state officers and employees, effective January 1, 1986, pursuant to §§ 21-2-501 — 21-2-509. Subsections (b)-(d) of this section may again become effective upon cessation of coverage under that program. See § 21-2-503. But see also Acts 1985, No. 13 (§§ 21-2-601 — 21-2-613) which concerns blanket performance bond coverage for all public employees, including state officers and employees, and which repealed all conflicting laws as of January 1, 1986. Pursuant to § 21-2-603, the act does not apply if a single blanket bond program is adopted, but it is unclear what impact the act may have on preexisting bond requirements if coverage under the single blanket bond program ceases.

### 27-71-205. Meetings.

(a) Meetings of the authority shall be held on call by the chairman or by any three (3) or more members on advance notice to each member, at such place as may suit the authority's convenience.

(b) Meetings of the authority shall be open to the public, and records of the proceedings shall be kept.

(c) A quorum for the transaction of business at any meeting shall consist of not less than three (3) members.

(d) The affirmative vote of three (3) members shall be requisite for the authorizing or approving of any action or the passage or adoption of any motion or resolution.

**History.** Acts 1973, No. 312, § 6; A.S.A. 1947, § 76-2407.

### 27-71-206. Powers — Generally.

The authority is authorized and empowered to:

(1) Acquire by purchase or exercise of eminent domain sites and rights-of-way for and to construct, maintain, repair, and operate turnpike projects as defined in this chapter at such locations within the state as it shall determine in accordance with proper design and construction standards. Projects shall be constructed in accordance with applicable laws pertaining to competitive bidding, contracting, perfor-

mance, and payment bonds, and other matters applicable to similar highway construction by the State Highway Commission, which laws, as they may be amended or changed from time to time, are incorporated by reference;

(2) Apply for, receive, accept, and use any moneys and properties from agencies of the Government of the United States of America, from any state or other governmental agency, from any public or private corporation, agency, or organization of any nature, and from any individual or group of individuals;

(3) Invest and reinvest any of its moneys;

(4) Establish accounts in one (1) or more banks, and thereafter from time to time make deposits in and withdrawals from such accounts;

(5) Contract and be contracted with;

(6) Obtain the necessary funds for financing the objects specified in this section, including, without limitation, the proceeds of the sale of revenue bonds as in this chapter authorized;

(7) Purchase, lease, or rent and receive bequests or donations of, and sell or barter, any property bequeathed or donated to it not needed or which cannot be used in the form received;

(8) Fix, revise from time to time, and charge and collect tolls for transit over each turnpike project constructed by it;

(9) Establish rules and regulations for the use of each turnpike project;

(10) Employ consulting engineers, attorneys, accountants, construction and financial experts, superintendents, and other employees and agents that may be necessary in its judgment;

(11) Enter into and implement any agreements or compacts with the United States of America or any state or any department or agency of the United States or of any state, concerning operation, revenues or other matters pertaining to planning, financing, constructing, and operating projects leading from this state into another state or states;

(12) Enter into agreements with the State Highway Commission for the construction, maintenance, and operation of turnpike projects, and the authority and the commission are authorized to enter into and to implement any such agreements. In this connection, the authority is empowered to acquire and the commission is authorized to convey to the authority, for inclusion in a turnpike project, any portion of a public highway, including necessary lands and interests therein, constructed or under construction upon such terms and for consideration as the authority and the commission may agree. This subdivision shall constitute the sole authority required, notwithstanding the provisions of any other laws pertaining to the disposition of state property;

(13) Take such other action, not inconsistent with law, as may be necessary or desirable to carry out the powers conferred by this chapter and to carry out the intent and purposes of this chapter.

**History.** Acts 1973, No. 312, § 5; A.S.A. 1947, § 76-2406.

**27-71-207. Arrangements to study proposed turnpike projects.**

(a) The authority and the State Highway Commission are authorized to enter into arrangements or to enter into agreements, as may be determined by them to be necessary or desirable for the investigation and study of any proposed turnpike project or for the obtaining and use of outside engineering and traffic and other expert studies, all as may be necessary or desirable in connection with a proposed turnpike project, with all expenses in connection therewith which are paid by the State Highway Commission to be deemed part of the project costs.

(b) Upon the sale of bonds, all expenses incurred by the commission are to be reimbursed to the commission out of the proceeds of the bonds.

**History.** Acts 1973, No. 312, § 20; A.S.A. 1947, § 76-2421.

**27-71-208. Turnpike project prerequisites.**

No turnpike project shall be undertaken:

(1) Unless and until the turnpike project involved shall have been thoroughly studied with respect to traffic, engineering, costs, and financing; and

(2) Unless the authority makes, by resolution duly entered in the records of the authority, a determination based upon study that:

(A) Public funds for construction of a free, without toll, highway expressway are not sufficient;

(B) The construction of a toll highway expressway can be financed from the proceeds of revenue bonds and other available funds;

(C) Projected revenues, exclusive of turnpike gasoline tax revenues, to be derived from operation of the turnpike project involved as reflected by the study and determination of the authority required by this section will be sufficient, together with any other funds available for the purpose, to provide for operation and maintenance expenses and to cover not less than eighty percent (80%) of the projected debt service on revenue bonds to be issued, as reflected by the study and determination of the authority required by this section; and

(D) Projected revenues, including turnpike gasoline tax revenues, derived from operation of the turnpike project involved as reflected by the study and determination of the authority required by this section will be sufficient, together with any other funds available for the purpose, to provide for operation and maintenance expenses and to cover not less than one hundred percent (100%) of the projected debt service on revenue bonds to be issued, as reflected by the study and determination of the authority required by this section.

**History.** Acts 1973. No. 312. § 10: A.S.A. 1947. § 76-2410.

**27-71-209. Powers and duties — Turnpike projects.**

(a) In connection with the construction of any turnpike project, the authority is authorized to construct grade separations at intersections of any turnpike project with public highways and to change and adjust the lines and grades of public highways so as to accommodate the highway to the design of the grade separation. The cost of grade separations and any damages incurred in connecting and adjusting the lines and grades of public highways shall be ascertained and paid by the authority as part of the cost of the turnpike project involved.

(b) If the authority shall find it necessary to change the location of any portion of a public highway, it shall cause the highway to be reconstructed at such location as the authority shall deem most favorable and at least of substantially the same type construction and substantially as good a condition as the public highway was in immediately prior to the reconstruction. The cost of the reconstruction and any damages incurred in connection with the changing of the location of the public highway shall be ascertained and paid by the authority as a part of the project costs. However, the authority shall not change the location of any portion of a public highway subject to the exclusive jurisdiction of a county court without the prior approval of the county court involved.

(c) Any public highway affected by the construction of a turnpike project may be vacated or relocated by the authority in the manner now or hereafter provided by law for the vacation or relocation of public roads in the State of Arkansas, and any damages awarded on account thereof shall be paid by the authority as part of the project costs.

(d) The authority and its authorized agents and employees may enter upon any lands, waters, and premises in the State of Arkansas for the purpose of making surveys, soundings, drillings, and examinations as they may deem necessary or desirable for the purposes of carrying out the authority conferred by this chapter. These entries shall not be deemed trespasses, nor shall entries for those purposes be deemed entries under any condemnation proceedings which may then be pending. The authority shall make reimbursement to the owners for any actual damage resulting to any lands, waters, and premises as a result of these activities, and these reimbursements shall be part of the project costs.

(e) Whenever the authority shall determine that it is necessary for transmission facilities, such as tracks, pipes, mains, conduits, cables, wires, towers, poles, and other equipment and appliances of whatever nature existing or used in connection with public and private utilities, pipeline companies, or pipeline operators, which now are, or hereafter may be, located in, on, along, over, or under any turnpike project, to be

relocated in such turnpike project, or be removed from the turnpike project, the owner or operator of the transmission facilities shall relocate or remove them in accordance with the order of the authority. However, the cost and expenses of relocation or removal, including the cost of installing facilities in a new location or locations, and the cost of any lands, or any rights or interest in lands, and any other rights, acquired to accomplish relocation or removal, shall be ascertained and paid by the authority as part of the project costs.

(f) The State of Arkansas consents to the use by the authority of all lands and interest in lands owned by it, including lands lying under water which are deemed by the authority to be necessary for the construction or operation of any turnpike project.

(g) The power of eminent domain is expressly conferred upon the authority. In the event that any lands or interest therein, determined by the authority to be necessary for any turnpike project, cannot be acquired by negotiation, the authority is authorized to institute condemnation proceedings for the acquisition of the lands or the interest therein desired by the authority. Condemnation proceedings under the power of eminent domain may be exercised in the manner now provided for taking private property for rights-of-way for railroads as provided by §§ 18-15-1202 — 18-15-1207 and any amendments hereafter made thereto, or in the manner provided by §§ 18-15-301 — 18-15-307 and any amendments hereafter made thereto, or pursuant to any other statutory provisions now in force or hereafter enacted for the exercise of the power of eminent domain by the State of Arkansas or by any of its officers, agencies, or departments. Title to, and all interest in, lands acquired by the authority, by purchase or by condemnation, shall be taken in the name of the authority.

**History.** Acts 1973, No. 312, § 9; A.S.A. 1947, § 76-2411.

### 27-71-210. Audit of records and accounts of authority — Report.

The agency of the State of Arkansas authorized by law to audit the records and accounts of the various state agencies is authorized and directed to audit the records and accounts of the authority and to furnish a copy of the report of the audit to the authority, to the Legislative Council, and to the Governor.

**History.** Acts 1973, No. 312, § 21; A.S.A. 1947, § 76-2422.

## Subchapter 3 — Turnpike Project Revenues

SECTION.
27-71-301. Deposit of revenues.
27-71-302. Use of revenues.
27-71-303. Tolls.
27-71-304. Contracts with retail establishments — Bids.
27-71-305. Gasoline tax deemed part of project revenues.
27-71-306. Determination of revenue from gasoline tax.
27-71-307. Resolution showing gasoline tax revenues — Payment to authority.
27-71-308. Disposition of revenue.

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**Cross References.** Arkansas Highway Revenue Distribution Law, § 27-70-201 et seq.

Motor Fuel Tax Law, § 26-55-201 et seq.

Special Motor Fuel Tax Law, § 26-56-101 et seq.

**Effective Dates.** Acts 1973, No. 312, § 26: Mar. 13, 1973. Emergency clause provided: "It is hereby found and declared that the construction and operation of turnpike projects, as authorized by this Act, are required for the public health, safety and welfare because of the increase of commerce and vehicular travel essential to individual and State progress and prosperity. The moneys now available are insufficient to permit the construction of turnpike projects that can be constructed under the authority of this Act. The realization of the public benefits sought to be accomplished by this Act depends upon the prompt undertaking of the acts authorized hereby. Also, prompt action is necessary to coordinate planning and construction with similar projects in other states. Therefore, it is declared, for these reasons, that an emergency exists and this Act, being essential for the preservation of the public peace, health and safety, shall take effect and be in force from and after its passage and approval."

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### 27-71-301. Deposit of revenues.

The revenues derived from the turnpike project shall be deposited, as and when received, into a special account or accounts of the Arkansas Turnpike Authority in such depository banks or trust companies as may from time to time be designated by the authority, with the accounts to be appropriately designated to indicate the particular turnpike project involved.

**History.** Acts 1973, No. 312, § 11; A.S.A. 1947, § 76-2412.

### 27-71-302. Use of revenues.

The turnpike project revenues are declared to be cash funds restricted in their use and dedicated and to be used solely as authorized in this chapter. The revenues shall be used:

(1) To pay the reasonable expenses of maintenance, repair, and operation of the turnpike project or projects involved;

(2) To pay as due the debt service on all revenue bonds to which revenues of the project or projects are pledged, including the original

issue or issues, bonds issued for reconstruction and extension, and refunding bonds, as in this chapter authorized;

(3) For the establishing or, once established, for maintaining any reserves as provided in the authorizing resolution or the trust indenture;

(4) For the redemption of bonds prior to maturity, if provision is made for redemption, all as shall be specified in detail in the trust indenture, and all indentures supplemental thereto, securing the bonds.

**History.** Acts 1973, No. 312, § 11; A.S.A. 1947, § 76-2412.

### 27-71-303. Tolls.

(a) The authority is authorized to fix, revise, charge, and collect tolls for the use of each turnpike project and the different parts or sections thereof and to contract with any person, partnership, association, corporation, or organization desiring the use of any part thereof, including the right-of-way adjoining the paved portion, for placing thereon telephone, telegraph, electric light or power lines, motor fuel service stations, garages, restaurants, and other facilities, or for any other purpose, and to fix the terms, conditions, rents, and rates of charges for use. However, public utilities, rural cooperatives, political subdivisions, and pipeline companies may construct and maintain crossings of turnpike projects with their facilities, without charge, if the facilities are constructed and maintained in compliance with reasonable requirements of public safety and all costs of restoring the project to as good a condition as it was before being disturbed are paid by the owner of the facilities.

(b) The tolls shall not be subject to supervision or regulation by any other commission, board, bureau, or agency of the State of Arkansas.

**History.** Acts 1973, No. 312, § 11; A.S.A. 1947, § 76-2412.

### 27-71-304. Contracts with retail establishments — Bids.

(a) All contracts made by the authority for establishments selling at retail, including, without limitation, motor fuel service stations, garages, and restaurants, shall be made separately for each establishment and shall be made on the basis of the best responsible bid received after advertisement for sealed bids for each separate establishment published not less than once a week for two (2) consecutive weeks with the first publication at least fifteen (15) days prior to the bid date in a newspaper of general circulation throughout the State of Arkansas.

(b) The notice shall state the general character of the establishment involved, where plans and specifications may be examined if they are

available in connection with the bidding, and the time and place for receiving bids.

(c) Each bid shall specify full information concerning the identity of the bidder and its financial ability, to the extent requested by the authority, to perform if awarded the contract.

(d) The authority may insert other provisions in each notice as it deems appropriate and may reject any and all bids.

**History.** Acts 1973, No. 312, § 11; A.S.A. 1947, § 76-2412.

### 27-71-305. Gasoline tax deemed part of project revenues.

(a) Turnpike gasoline tax revenues shall, for all purposes of this chapter, be deemed part of the turnpike project revenues.

(b) It is found and declared by the General Assembly that:

(1) Turnpike gasoline tax revenues are directly related to the construction and operation of turnpike projects and are to be considered as part of the revenues derived from the turnpike project involved rather than taxes as that term is understood for cash funds purposes; and

(2) The procedure set forth in this subchapter is a reasonable and valid method for the determination of turnpike gasoline tax revenues attributable to a turnpike project.

(c) Therefore, upon full and thorough investigation and evaluation of the pertinent facts, it is found and declared that turnpike project revenues as determined by the procedure set forth in this subchapter are, and shall be conclusively treated as, revenues derived from the particular turnpike project involved.

**History.** Acts 1973, No. 312, § 11; A.S.A. 1947, § 76-2412.

### 27-71-306. Determination of revenue from gasoline tax.

(a) As part of the study and determination of the authority required by § 27-71-208, the authority shall determine, according to the formula hereinafter set forth, the projected revenues to be derived from the motor fuel taxes, which are the taxes levied and collected under the Motor Fuel Tax Law and the Special Motor Fuels Tax Law, or any similar law or laws hereafter enacted, commonly referred to as the gasoline tax, to be paid on all fuels to be consumed annually on each turnpike project.

(b) To determine turnpike gasoline tax revenues, the authority shall divide the total miles projected to be traveled on each turnpike project by Class A vehicles, which include automobiles, except buses, with a capacity of fewer than eight (8) passengers; Class B vehicles, which include truck-type vehicles, except buses, with a factory rating and gross loaded weight of twenty-two thousand five hundred pounds (22,500 lbs.) or less; Class C vehicles, which include all vehicles, except buses, with a factory rating in excess of twenty-two thousand five

hundred pounds (22,500 lbs.) or whose gross loaded weight exceeds twenty-two thousand, five hundred pounds (22,500 lbs.); and Class D vehicles, which include buses rated and licensed as such, by the average number of miles per gallon of motor fuel consumed by each of those classes of vehicles. To determine the total miles projected to be traveled, the authority shall initially take into consideration the feasibility study and thereafter take into consideration actual usage plus any other known or reasonably anticipated factors affecting or reasonably expected to affect usage. The following consumption rates shall be used:

| | |
|---|---|
| Class A Vehicles | 10 miles per gallon |
| Class B Vehicles | 6 miles per gallon |
| Class C Vehicles | 4 miles per gallon |
| Class D Vehicles | 5 miles per gallon |

(c) The amount so determined is designated turnpike gasoline tax revenues.

(d) Turnpike gasoline tax revenues shall be determined separately for each turnpike project.

(e) The authority may make a new determination at any time, but not more than once in any twelve-month period.

**History.** Acts 1973, No. 312, § 11; A.S.A. 1947, § 76-2412.

### 27-71-307. Resolution showing gasoline tax revenues — Payment to authority.

(a) The determination by the authority of turnpike gasoline tax revenues, as projected, shall be set forth in a resolution of the authority, a certified copy of which shall be filed with the Director of the Department of Finance and Administration.

(b) Upon receipt of the resolution, the Director of the Department of Finance and Administration shall pay over to the authority on or before the tenth day of each month, from general gasoline tax receipts, an amount equal to one-twelfth (1/12) of the annual amount of turnpike gasoline tax revenues, as set forth in such resolution, until there is filed with the Director of the Department of Finance and Administration a certified copy of a resolution setting forth a new determination of annual turnpike project revenues.

(c) After each new resolution is filed, the director shall pay over to the authority, in the manner set forth above, monthly, one-twelfth (1/12) of the newly determined annual amount.

**History.** Acts 1973, No. 312, § 11; A.S.A. 1947, § 76-2412.

**27-71-308. Disposition of revenue.**

(a) Turnpike gasoline tax revenues are declared to be cash funds restricted in their use and dedicated and to be used solely as authorized in this chapter.

(b) Notwithstanding the provisions of the Arkansas Highway Revenue Distribution Law or any other law concerning or pertaining to gasoline taxes, the turnpike gasoline tax revenues, subject to the subsequent provisions hereof, shall not be paid into the State Treasury and shall not become part of highway revenues. They shall be paid directly to the authority each month and shall be and become part of the revenues for the turnpike project for which applicable, as in this chapter set forth.

(c) The amount of the motor fuel taxes paid on fuels consumed on each turnpike project in excess of turnpike gasoline tax revenues shall be and remain highway revenues and be handled as provided in the Arkansas Highway Revenue Distribution Law or other applicable law at the time controlling highway revenues.

(d) So long as any bonds are outstanding hereunder, if any changes are made by the General Assembly in motor fuel taxes or in the distribution of highway revenues, they must be such that substantially the same amount of turnpike gasoline tax revenues will be received by the authority as would have been received had there been no changes.

(e) Anything herein to the contrary notwithstanding, the authority shall adopt a resolution setting forth the facts recited in subdivisions (1) and (2) of this subsection and shall file a certified copy of the resolution with the trustee under the trust indenture and a certified copy with the Director of the Department of Finance and Administration, if, at the end of any fiscal year, revenues of any turnpike project exclusive of turnpike gasoline tax revenues allocated to that turnpike project for the fiscal year just ended were sufficient in amount:

(1) To cover expenses of maintenance, repair, and operation of that turnpike project for the next fiscal year as estimated by the authority;

(2) To pay the debt service on outstanding revenue bonds to which the revenues of that turnpike project are pledged and to comply with any other provisions of the trust indenture pertaining to the maintenance of revenues at specified levels.

(f) Upon receipt of the resolution, the Director of the Department of Finance and Administration shall not pay turnpike gasoline tax revenues to the authority for the remainder of the fiscal year in which the resolution is received but shall handle the turnpike gasoline tax revenues as other highway revenues.

(g) Each resolution shall be applicable for one (1) fiscal year only. Beginning with the next succeeding fiscal year, the provisions of this section shall automatically become applicable and remain so until the facts warrant another resolution and the resolution is adopted and filed as aforesaid.

RECEIVED
MAR 19 1991
CHIEF ENGINEER'S OFFICE
ARKANSAS STATE HIGHWAY AND
TRANSPORTATION DEPARTMENT

ACT 547 1991

A Bill

SENATE BILL 281

State of Arkansas
78th General Assembly
Regular Session, 1991
By: Senator Malone

**For An Act To Be Entitled**

"AN ACT TO AUTHORIZE THE ARKANSAS STATE HIGHWAY COMMISSION, IN ITS DISCRETION, TO TRANSFER TO THE ARKANSAS TURNPIKE AUTHORITY, AS ESTABLISHED BY ARKANSAS CODE §§27-71-201, ET SEQ., ANY FEDERAL-AID HIGHWAY FUNDS APPORTIONED OR ALLOCATED TO THE STATE OF ARKANSAS BY THE UNITED STATES SECRETARY OF TRANSPORTATION OR THE FEDERAL HIGHWAY ADMINISTRATION WHICH FUNDS ARE AUTHORIZED, OR MAY BE AUTHORIZED IN THE FUTURE, BY THE UNITED STATES CONGRESS TO BE UTILIZED IN ASSISTING IN THE CONSTRUCTION OF OR FOR THE PURPOSES OF ASSISTING IN THE PAYING OF THE DEBT SERVICE ON REVENUE BONDS ISSUED FOR THE CONSTRUCTION OF ANY TURNPIKE PROJECT OR PROJECTS IN THIS STATE, WHICH PROJECT OR PROJECTS MAY BE UNDERTAKEN BY THE ARKANSAS TURNPIKE AUTHORITY IN ACCORDANCE WITH ARKANSAS CODE §§27-71-101, ET SEQ.; TO AMEND ARKANSAS CODE §27-71-103(7) TO INCLUDE IN THE DEFINITION OF 'REVENUES' OR 'TURNPIKE PROJECT REVENUES', FEDERAL-AID HIGHWAY FUNDS, THUS ALLOWING THE USE OF SUCH FEDERAL-AID HIGHWAY FUNDS BY THE ARKANSAS TURNPIKE AUTHORITY FOR ANY TURNPIKE PROJECT OR PROJECTS UNDERTAKEN IN ACCORDANCE WITH ARKANSAS CODE §§27-71-101, ET SEQ.; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Notwithstanding any provision of law to the contrary, the Arkansas State Highway Commission is hereby authorized to transfer, in its discretion, to the Arkansas Turnpike Authority, as established by

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of turnpike projects, as authorized by prior legislative acts, are required for the public health, safety and welfare because of the increase of commerce and vehicular travel essential to individual and state progress and prosperity. The monies now available are insufficient to permit the construction of turnpike projects that can be constructed under the authority of those acts, however, it is anticipated that the United State Congress will in the near future authorize the use of federal-aid highway funds apportioned or allocated to this state for assisting in the construction of or assisting in the paying of the debt service on revenue bonds issued for the construction of turnpike projects. Prompt action is necessary to insure that, should such authorization be enacted by the United States Congress, such federal-aid funds may be utilized for such turnpike project purposes. Therefore, it is declared, for these reasons, that an emergency exists and this act being essential for the preservation of the public peace, health and safety, shall take effect and be in full force on and after its passage and approval.

APPROVED Bob Riley
3-14-91 GOVERNOR

President of the Senate

Speaker of the House

mjf235

State of Arkansas
77th General Assembly
Regular Session, 1989
By: Senator Malone

ACT 192 1989

A Bill

SENATE BILL 349

For An Act To Be Entitled

"AN ACT TO AUTHORIZE THE ARKANSAS HIGHWAY COMMISSION TO ESTABLISH TURNPIKE PROJECTS AND TO COLLECT TOLLS; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. As used in this chapter, unless the context otherwise requires:

(1) "Commission" means the Arkansas Highway Commission;

(2) "Project" or "turnpike project" means any express highway constructed under the provisions of this chapter by the Commission including, without limitation, lands, rights-of-way, bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches, toll houses, service stations, administration buildings, storage buildings, other buildings, and facilities which the authority may deem necessary or desirable for the operation of a turnpike project, together with all property, rights, easements, rights-of-way, and interest that may be acquired by the Commission for or in connection with the construction or operation of a turnpike project. Each turnpike project shall be separately designated by appropriate name or number and may be constructed, reconstructed, or extended in sections and stages as the authority may from time to time determine.

SECTION 2. (a) The Commission shall have the authority to undertake turnpike projects.

(b) No turnpike project shall be undertaken:

(1) Unless and until the turnpike project involved shall have been thoroughly studied with respect to traffic, engineering, costs, and financing; and

(2) Unless the Commission makes, by resolution duly entered in the

President of the Senate

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SECTION 5. All revenue derived from this Act shall be classified as "special revenues" and shall be deposited in the State Treasury, and the net amount thereof shall be transferred by the State Treasurer on the last business day of each month to the Arkansas State Highway and Transportation Department, there to be used for the maintenance, operation and improvement required by the Arkansas State Highway and Transportation Department in carrying out its functions, powers, and duties.

SECTION 6. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

President of the Senate

APPROVED BY Bill Clinton
GOVERNOR
2-22-89

Speaker of the House

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Statement of
F.S. GARRISON
APPEARING BEFORE THE
SURFACE TRANSPORTATION SUBCOMMITTEE
OF THE
PUBLIC WORKS AND TRANSPORTATION COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
IN SESSION AT FORT SMITH, ARKANSAS
ON APRIL 22, 1991

My name is F.S. Garrison. I am Chairman, President and Chief Executive Officer of Arkansas Freightways Corporation (AFC), a publicly held company headquartered at Harrison, Arkansas. AFC is in the for-hire business of transporting less than truckload shipments moving in interstate commerce serving all points in the states of Alabama, Arkansas, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee and Texas, plus the metropolitan Atlanta and Chicago areas, and moving in intrastate commerce serving all points in Arkansas, Kansas and Louisiana.

AFC was founded in 1982, following deregulation of the for-hire interstate trucking industry, and presently has over 2,700 associates operating over 5,000 pieces of revenue producing highway equipment from 112 terminal locations in its eleven-state service area. The company experienced revenues of $143 Million during 1990. I have 33 years of involvement in the trucking business in many different capacities including driving and handling freight as well as management.

First, some comments as a citizen of the Third Congressional District of Arkansas, and I am both proud and pleased to be a constituent of Congressman Hammerschmidt, for he has served extra-ordinarily well. I am very hopeful that the means may be found

for significant improvements to the major highways in the Third District, among them U.S. Highway 65, the major north-south route linking central and north-central Arkansas, U.S. Highway 71, the major north-south route between the southwestern and northwestern quadrants of the state, and U.S. Highway 412, the major east-west route across north Arkansas. These are the economic lifelines of the Third District. I think I am qualified to testify as to their importance to the citizens of the Third District, which district is leading the way for economic development of the State of Arkansas.

My remaining comments will speak primarily to the Department of Transportation's proposed 1991 Surface Transportation Assistance Act, and I will try to be brief. Obviously this legislation makes the effort to provide the needed flexibility at state and local levels while providing uniformity in a national network of highways and bridges, at the same time enforcing accountability for the expenditure of taxpayer funds. I applaud this effort.

* National Highway Program - I generally support the proposed system and its program features, except I oppose the application of highway user taxes to toll road projects. Somehow I cannot get it through my head that this is fair to either the users or non-users of toll roads.

* Urban/Rural Program - I generally support the proposed program, but I am opposed to the application of highway user taxes to mass transit, so I urge that this be held to a minimum.

* Bridge Program - I support the proposed special bridge program. Our bridges are probably the most glaring deficiency of our present highway system.

* Bonus Set-Aside for Highway Safety - I support the emphasis on safety including that directed at heavy truck safety.

* Research and Technology - I support this proposal. A pavement performance data base should save the taxpayers money in extending the life of capital projects and in minimizing maintenance costs. The University Transportation Centers should be continued, and the University of Arkansas should be chosen for the location of one of the proposed additional three centers. Historically the State of Arkansas has not shared proportionately in Federal research monies. The Oren Harris Chair of Transportation at the University of Arkansas affords special capabilities in this area.

* Motor Carriers - I support all of the proposals under this program. We have such a fine system of government for which to be thankful, but only in America would we put up with fifty different ways of collecting fuel taxes and vehicle registration fees. What a burden to commerce, productivity, and this nation's ability to compete with other nations in our present (and even more so in the future) global economy! While some progress has been made in this respect it has been ridiculously slow. If the American consumer knew the price he paid for this archaic way of doing business he would most certainly demand action. It is obvious uniform Federal standards are needed.

Likewise the Federal government should preempt the states' rights to regulate intrastate commerce. The benefits to this nation's consumers, its workers, and its very ability to compete internationally have been clearly demonstrated through deregulation of the interstate for-hire motor carrier industry. These benefits

should be further extended as proposed in this legislation.

* Funding Provisions - With the addition of the recent nickel fuel tax at the Federal level, Federal funding should be adequate for the foreseeable future, particularly if trust funds were required to be spent on a current basis. Failure to do so breaks faith with the American taxpayer. Furthermore, it is not smart to withhold money and defer maintenance on what is basically a fine network of roads and bridges. Anybody knows a stitch in time saves nine. Finally, the recent action involving the diversion of user taxes and fees to offset the Federal Government's lack of discipline, when it comes to expenditures, sets a dangerous precedent. For all it means, the word "Trust" should be eliminated from the phrase, "Trust Fund".

I don't expect you to agree with everything I say, but do want you to know that I appreciate your coming to Arkansas to hear my views, and I make myself available should you want to question me or just "get even".

STATEMENT BEFORE

THE SUBCOMMITTEE ON SURFACE TRANSPORTATION
OF THE
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES

RELATING TO

# REAUTHORIZATION OF THE SURFACE TRANSPORTATION PROGRAM

BY

**RON HARROD**

CHAIRMAN, ARKANSAS HIGHWAY COMMISSION
ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT

APRIL 22, 1991

# INTRODUCTION

## HIGHWAY SYSTEM NEEDS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM PLEASED TO BE HERE TODAY TO DISCUSS WITH YOU THE HIGHWAY INFRASTRUCTURE NEEDS WE ARE NOW FACING IN ARKANSAS. ON SEPTEMBER 8, 1990, IN SPRINGDALE, ARKANSAS, THE ARKANSAS HIGHWAY AND TRANSPORTATION DEPARTMENT PERSENTED A GENERAL OVERVIEW OF THE STATE'S HIGHWAY NEEDS AT THE INFRASTRUCTURE PUBLIC HEARING CONDUCTED BY THE CONGRESSIONAL HOUSE PUBLIC WORKS AND SURFACE TRANSPORATION COMMITTEE. TODAY WE WILL BE MORE SPECIFIC IN ADDRESSING THESE NEEDS SO THAT YOU CAN GET A PICTURE OF THE STATUS OF OUR HIGHWAY SYSTEM AND A FEEL FOR FUTURE NEEDS IN OUR STATE.

## REAUTHORIZATION ISSUES

WE WILL ALSO ADDRESS THE FORTHCOMING REAUTHORIZATION OF THE SURFACE TRANSPORTATION PROGRAM. THERE ARE SOME MAJOR ISSUES IN THE ADMINISTRATION'S PROPOSAL AS PRESENTED THAT CAN HAVE A TREMENDOUS IMPACT ON THE FUTURE OF THE HIGHWAY SYSTEM IN ARKANSAS. IT IS IMPERATIVE THAT CONGRESS MAKE CHANGES TO EXISTING FEDERAL LEGISLATION WHICH WILL ALLOW ARKANSAS AND THE REST OF THE NATION TO "GET ON" WITH PROVIDING ITS CITIZENS WITH THE TYPE OF SYSTEM NEEDED AND DESIRED. A TRANSPORTATION POLICY AND PROGRAM THAT WILL MEET THE CHANGING NEEDS AS WE BEGIN A NEW CENTURY IS VITALLY NEEDED.

## GENERAL NEEDS STUDY RESULTS

ARKANSAS' INFRASTRUCTURE IS SHOWING SIGNS THAT THE EXISTING SYSTEM IS BEGINNING TO WEAR OUT AT AN ACCELERATED RATE. THIS HAS BEEN CONFIRMED BY AN INDEPTH COMPREHENSIVE NEEDS STUDY CONDUCTED BY OUR DEPARTMENT.

THE RESULTS WERE ALARMING. THE STUDY POINTED OUT THAT THE EXISTING GAP BETWEEN HIGHWAY REVENUES AND NEEDED HIGHWAY IMPROVEMENTS MUST BE ADDRESSED IMMEDIATELY. WHILE THE DEPARTMENT HAS BEEN ABLE TO MAKE SOME PROGRESS ON UPGRADING AND IMPROVING MAJOR TRAVEL CORRIDORS THROUGHOUT THE STATE, THE STUDY INDICATED THAT THE HIGHWAY COMMISSION WOULD BE FORCED TO CURTAIL THESE TYPE IMPROVEMENTS AND INSTEAD SPEND ALL AVAILABLE REVENUE TO PRESERVE THE EXISTING HIGHWAY SYSTEM.

THIS INFORMATION WAS PRESENTED TO THE ARKANSAS LEGISLATURE DURING THE RECENTLY COMPLETED SESSION OF THE STATE GENERAL ASSEMBLY. IN ORDER TO PRESERVE THE EXISTING INVESTMENT IN THE STATE HIGHWAY SYSTEM AND TO MAKE PROGRESS TOWARD COMPLETION OF MAJOR CORRIDOR IMPROVEMENTS, ADDITIONAL FUNDING WAS APPROVED TO HELP FINANCE A $2.5 BILLION PROGRAM. COMPLETION OF THESE IMPROVEMENTS IS ANTICIPATED TO TAKE APPROXIMATELY 15 YEARS.

IT IS IMPERATIVE TO NOTE THAT THIS PROGRAM IS DEPENDENT UPON SUBSTANTIAL AMOUNTS OF FEDERAL ASSISTANCE. ADDITIONALLY, IT DEALS ONLY WITH THE MOST CRITICAL AND PRESSING PROBLEMS. IN ORDER FOR ARKANSAS TO MAKE SUBSTANTIAL PROGRESS IN MEETING ITS TRANSPORTATION NEEDS, A NEW FINANCIALLY RESPONSIVE FEDERAL SURFACE TRANSPORTATION PROGRAM IS ESSENTIAL.

THE ARKANSAS STATE HIGHWAY COMMISSION IS RESPONSIBLE FOR 16,171 MILES OF STATE HIGHWAYS, THE 16TH LARGEST STATE-OPERATED SYSTEM IN THE NATION. CURRENTLY 46% OF THE SYSTEM IS IN POOR CONDITION AND NEEDS RECONSTRUCTION. ANOTHER 34% IS IN FAIR CONDITION, NEEDING MINOR IMPROVEMENTS SUCH AS RESURFACING TO PREVENT FURTHER DETERIORATION.

SINCE ARKANSAS WAS ONE OF THE FIRST STATES TO COMPLETE ITS INTERSTATE PROGRAM, OUR EXISTING INTERSTATE HIGHWAYS ARE BEGINNING TO DETERIORATE AT A RAPID RATE. WE MUST NOW GIVE THIS SYSTEM OUR IMMEDIATE ATTENTION BECAUSE IT IS THE BACKBONE OF TRANSPORTATION IN ARKANSAS.

AT THE SAME TIME, WE MUST PROVIDE NEEDED IMPROVEMENTS FOR APPROXIMATELY 1,100 MILES OF URBAN AND RURAL HIGHWAYS SUFFERING FROM CAPACITY PROBLEMS DUE TO LARGE TRAFFIC VOLUMES. THESE HIGHWAYS MUST BE WIDENED AND RECONSTRUCTED TO PROVIDE AN ADEQUATE LEVEL OF SERVICE. IN ORDER TO PROLONG THE LIFE OF OTHER STATE HIGHWAYS AND REDUCE MAINTENANCE COSTS, APPROXIMATELY 8,000 MILES NEED TO BE RECONSTRUCTED OR RESURFACED WITHIN THE NEXT 10 YEARS.

## ROADWAY STATUS

OVER 90% OF THE STATE HIGHWAY SYSTEM IS TWO LANES, WITH 58% OF THESE HAVING LANE WIDTHS OF 10 FEET OR LESS. THESE CHARACTERISTICS ALONE TYPIFY AN OBSOLETE SYSTEM THAT IS EXPERIENCING INCREASING CAPACITY AND SAFETY PROBLEMS. THESE PROBLEMS WILL ONLY ESCALATE AS TRAFFIC VOLUMES INCREASE AND, MORE SIGNIFICANTLY, THE NUMER OF TRUCKS INCREASE.

## BRIDGE STATUS

ANOTHER MAJOR PROBLEM IN ARKANSAS IS THE CONDITION OF OUR BRIDGES. WE CURRENTLY HAVE 6,722 BRIDGES ON THE STATE HIGHWAY SYSTEM, OF WHICH 1,700 BRIDGES, OR 25%, ARE EITHER STRUCTURALLY DEFICIENT OR FUNCTIONALLY OBSOLETE. UNDER THE CURRENT FUNDING LEVEL FOR BRIDGE REPLACEMENT FUNDS IT WILL TAKE SEVERAL YEARS TO REHABILITATE OR REPLACE THE 427 BRIDGES ON OUR HIGHWAY SYSTEM THAT ARE NOW POSTED BECAUSE THEY ARE NOT CAPABLE OF CARRYING THE 80,000 POUND LEGAL LOAD LIMIT.

## EXPANDED FOUR-LANE SYSTEM NEEDS

IN ADDITION TO THE NEEDS OF OUR EXISTING ROADWAYS AND BRIDGES, THE STATE MUST PROVIDE AN EXPANDED FOUR-LANE SYSTEM IF IT IS TO SURVIVE ECONOMICALLY. THE LACK OF AN ADEQUATE STATEWIDE FOUR-LANE NETWORK FOR MOBILITY IS AN IMPEDIMENT TO THE GROWTH AND EXPANSION OF EXISTING INDUSTRIES AND TO ATTRACTING NEW INDUSTRIES TO THE STATE. TOURISM, WHICH IS A MAJOR INDUSTRY IN ARKANSAS, IS ALSO DEPENDENT UPON AN ADEQUATE LEVEL OF FOUR-LANE SERVICE.

AN EXCELLENT CASE FOR EXPANDING OUR FOUR-LANE SYSTEMS WAS MADE BY INDUSTRY LEADERS ON SEPTEMBER 8, 1990, AT THE CONGRESSIONAL HOUSE PUBLIC WORKS INFRASTRUCTURE SUBCOMMITTEE HEARING IN SPRINGDALE, ARKANSAS. THE MAIN EMPHASIS AT THE HEARING WAS THAT FOUR-LANE ROADS PROVIDE ECONOMIC VITALITY AND ALLOW THE PRIVATE SECTOR TO COMPETE MORE EFFECTIVELY IN TODAY'S MARKET PLACE.

THE PROGRAM THAT WAS RECENTLY APPROVED BY THE STATE GENERAL ASSEMBLY WILL PROVIDE SIGNIFICANT ASSISTANCE. AS POINTED OUT PREVIOUSLY, HOWEVER, THIS PROGRAM IS HEAVILY DEPENDENT UPON A RESPONSIVE FEDERAL-AID PROGRAM TO HELP MEET THE STATE'S ARTERIAL NEEDS.

## REVENUE STATUS

THE DEPARTMENT'S NEEDS STUDY INDICATES OVER $7 BILLION IS NEEDED OVER THE NEXT 10 YEARS TO MEET OUR STATE'S ROADWAY AND BRIDGE IMPROVEMENT NEEDS AND AT THE SAME TIME PROVIDE ALL ESSENTIAL FOUR-LANE CORRIDOR IMPROVEMENTS. WITH THE RECENTLY APPROVED LEGISLATIVE PROGRAM AND CONTINUATION OF FEDERAL AID REVENUES AT EXISTING FUNDING LEVELS, APPROXIMATELY $2.5 BILLION OF THIS AMOUNT CAN NOW BE MET.

THE BOTTOM LINE IS THAT ADDITIONAL FEDERAL FUNDS CAN BE UTILIZED TO PROVIDE A MORE ADEQUATE HIGHWAY PROGRAM AND FOR ARKANSAS TO COMPETE AND DEVELOP. THIS CAN BE ACCOMPLISHED BY CHANGING EXISTING FUNDING POLICIES AS WE MOVE TOWARD NEW FEDERAL LEGISLATION.

## NEW STATE PROGRAM WILL HELP

PRESENTLY, THE HIGHWAY COMMISSION IS DEVELOPING A NEW CONSTRUCTION PROGRAM TO IMPLEMENT THE IMPROVEMENTS FUNDED BY THE 1991 SESSION OF THE ARKANSAS GENERAL ASSEMBLY. THIS NEW PROGRAM WILL SATISFY MANY OF OUR NEEDS, BUT WILL NOT COMPLETE MANY OF THE ESSENTIAL CORRIDOR IMPROVEMENTS NECESSARY FOR MOBILITY AND MOVEMENT OF GOODS.

AS STATED PREVIOUSLY, THIS PROGRAM IS DEPENDENT UPON A REAUTHORIZATION OF THE FEDERAL SURFACE TRANSPORTATION ACT. WE WOULD LIKE TO SEE AN ACT THAT WILL INCREASE THE AMOUNTS OF FEDERAL FUNDING AVAILABLE FOR ARKANSAS' NEEDS.

## NEW FEDERAL TRANSPORTATION POLICY ISSUES

I WOULD NOW LIKE TO ADDRESS THE ISSUE OF A NEW SURFACE TRANSPORTATION PROGRAM AND DISCUSS SOME ELEMENTS THAT WOULD RESULT IN A FINANCIALLY SOUND TRANSPORTATION PROGRAM. I WILL TRY TO BE VERY SPECIFIC ON SEVERAL MAJOR ISSUES REGARDING WHAT ARKANSAS NEEDS IN FUTURE FEDERAL TRANSPORTATION LEGISLATION.

### Matching Ratios

FIRST OF ALL, THE ADMINISTRATION'S POLICY CALLS FOR STATE AND LOCAL GOVERNMENTS AND THE PRIVATE SECTOR TO SHOULDER THE BULK OF THE COST TO REBUILD AND EXPAND THE SYSTEM. THIS THEME IS A MAJOR FOCAL POINT IN THE SECRETARY OF TRANSPORTATION'S PROPOSED POLICY WHICH ADDRESSES THE NEED FOR A CHANGING FEDERAL, STATE, AND LOCAL ROLE. IT IS AGREED THAT THE FEDERAL GOVERNMENT SHOULD CONCENTRATE ITS EFFORTS ON MAJOR CORRIDORS, OR AS NOW BEING PROPOSED, THE "NATIONAL HIGHWAY SYSTEM," AND SHOULD PROVIDE FLEXIBILITY WITH LESS RIGID REQUIREMENTS. HOWEVER, WE DO NOT AGREE THAT THE FEDERAL GOVERNMENT SHOULD FORCE THE STATE TO INCREASE THEIR INVESTMENT IN TRANSPORTATION THROUGH INCREASING THEIR SHARE, OR "MATCH," IN THE INDIVIDUAL PROJECT COST.

WE BELIEVE THE CHANGE IN THE FUNDING RATIO FOR THE URBAN/RURAL PROGRAM TO 60% FEDERAL-40% NON-FEDERAL IS A SERIOUS MISTAKE. THIS INCREASED LEVEL OF PARTICIPATION BY STATE AND LOCAL GOVERNMENTS WILL ADVERSELY IMPACT SUCH PROGRAMS AS HAZARD ELIMINATION, RAIL/HIGHWAY CROSSING, TRAFFIC SIGNALIZATION, PAVEMENT MARKING, RAILROAD OVERPASSES, AND OTHERS WHERE THE FUNDS ARE SHARED WITH LOCAL GOVERNMENTAL AGENCIES. IN MANY INSTANCES, NEITHER THE STATE NOR LOCAL GOVERNMENTS WILL HAVE ADEQUATE RESOURCES AVAILABLE TO PROVIDE THIS HIGHER LEVEL OF MATCHING FUNDS. WE BELIEVE THAT THIS INCREASED FUNDING LEVEL BY THE STATE AND LOCAL GOVERNMENTS WILL DIRECTLY LEAD TO A DECREASE IN THE NUMBER OF SAFETY PROJECTS INITIATED.

THIS REDUCED FEDERAL FUNDING RATIO APPEARS TO BE A GOAL OF THE LARGE METROPOLITAN TRANSIT AGENCIES WHICH BELIEVE THAT THIS INCREASED LOCAL MATCHING REQUIREMENT WILL END "MODAL BIASES" AND MAKE ADDITIONAL FUNDS AVAILABLE FOR MASS TRANSIT SYSTEMS. RURAL STATES' TRANSPORTATION NETWORKS SHOULD NOT SUFFER SIMPLY TO INCREASE THE FUNDING OPPORTUNITIES FOR URBAN TRANSIT SYSTEMS.

WE PROPOSE AND SUPPORT A 90% FEDERAL SHARE FOR THE "NATIONAL HIGHWAY SYSTEM" PROGRAM, INCLUDING THE BRIDGES ON THIS SYSTEM, AND A MINIMUM 75% FEDERAL SHARE FOR THE PROPOSED URBAN/RURAL PROGRAM. BRIDGES ON THE URBAN/RURAL SYSTEMS SHOULD REMAIN ELIGIBLE FOR AN 80% FEDERAL MATCHING RATIO. ALSO, THE FEDERAL SHARE FOR IDENTIFIED SAFETY PROJECTS SHOULD REMAIN AT 90%.

## Funding Split Between Programs

At this stage in formulating a new surface transfer program, the proposal that has evolved from the AASHTO 2020 effort contains equity provisions that Arkansas supports. Specifically, AASHTO recommends a categorical program for highways of national significance and a flexible, or urban/rural program. The Administration's proposed legislation recommends a funding split between the programs of 50%-50% with a 20% transfer provision between the programs to deal with various unique needs. The AASHTO proposal contains a provision for an 85% return for funding the categorical program and a 100% return on Trust Fund contributions for the flexible portion of the program. This will result in an overall return of Federal dollars of approximately 95%. Anything less will only continue the same unfair and unacceptable funding distribution that our state is currently enduring. Now that the system of Interstate routes is complete, the time is right to correct this funding inequity.

We also understand that the Administration's proposed legislation recommends that approximately 67% of the funding available for the proposed system of "National Highway System" and Urban/Rural Programs will go to the "National Highway System." As stated previously, we favor a 50%-50% split.

## Equity - Highway Trust Fund

We believe a very important issue, and one that must be looked at objectively by Congress, is the issue of equity. It is imperative that any new Federal program provide greater equity.

In 1990, statistics indicate that Arkansas was a donor state and received only 72 cents from each dollar our motorists contributred to the Highway Trust Fund. Arkansas is not a wealthy state. As was mentioned previously, our needs are growing at an alarming rate. Yet, due to current Highway Trust Fund distribution policies, we are actually subsidizing other states' Federal highway and public transportation programs, while our own needs continue to grow and remain unfunded.

Preliminary calculations indicate Arkansas would fare better under the Administration's proposal for a new Surface Transportation Program than in the past. While we would still be a donor state, the degree would be reduced. In order to assure that the serious inequities that Arkansas, as well as other states, experienced in the past will not reoccur, we recommend a provision be inserted in the Reauthorization Act that will guarantee at least a 95% minimum return for all states.

## Equity and Increased Funding For Public Transportation

The situation with the Mass Transit Account is a major disgrace and is getting worse. With the latest increase in Federal motor fuel taxes, Arkansans are now paying almost $26 million annually into the Mass Transit Account and receive less than a million dollars back in public transportation assistance. It's as if rural states like Arkansas are simply colonies that exist only to pay massive amounts of motor fuel taxes so that a handfull of major urbanized cities can try to solve their congestion problems. The allocation formulas, rules and regulations, and discretionary spending overwhelmingly favor programs dominated by big city transit agencies. While people in the nation's major metropolitan areas enjoy the luxury of sophisticated subways and sleek bus systems, Arkansans are suffering economic deprivation from a lack of adequate mobility assistance.

The time to bring equity into this program is now. The choices are clear. Congress must provide a transit program that contains an allocation process that deals fairly with rural transportation needs. If a compromise on allocation formulas is not possible, then some form of minimum allocation of at least 70% guaranteed return to the states should be provided combined with administrative flexibility to deal with unique rural problems. In the absence of either of these solutions, we would advocate a termination of Federal assistance to public

MASS TRANSIT AND ALLOW THE CITIES TO DEAL WITH THEIR TRANSPORTATION PROBLEMS WITH THEIR OWN RESOURCES. ARKANSAS SIMPLY HAS TOO MANY TRANSPORTATION PROBLEMS AND TOO FEW DOLLARS TO CONTINUE TO SUBSIDIZE A TOTALLY UNFAIR, INEQUITABLE PROGRAM FROM WHICH OUR CITIZENS RECEIVE LITTLE OR NO BENEFITS.

THE AASHTO PROPOSAL IS AN ACCEPTABLE METHOD OF DEALING WITH THE CURRENT INEQUITY AND WOULD INCREASE ASSISTANCE FOR RURAL AND SMALL URBAN AREA PUBLIC TRANSPORTATION NEEDS.

THE PROPOSED FORMULAS AND FUNDING METHODOLOGY CONTAINED IN THE AASHTO RECOMMENDATION WOULD PROVIDE SIGNIFICANTLY MORE MONEY TO ARKANSAS FROM THE MASS TRANSIT ACCOUNT. ADDITIONALLY, THE AASHTO TRANSIT MEASURE, AS PROPOSED, ALLOWS BROADENED FLEXIBILITY IN THE USE OF TRANSIT FUNDING THAT WILL PERMIT ARKANSAS TO MORE ACCURATELY TARGET THE FEDERAL ASSISTANCE TO OUR UNIQUE MOBILITY NEEDS. THIS IS A NECESSARY AND NEEDED CHANGE IN EXISTING POLICY AND WOULD PROVIDE THE STATES WITH THE ABILITY TO UTILIZE FUNDS FOR RELATED HIGHWAY IMPROVEMENTS WHERE IDENTIFIED TRANSIT NEEDS HAVE BEEN MET. THIS WOULD HELP ASSURE ALL POSSIBLE SURFACE TRANSPORTATION NEEDS ARE ADDRESSED.

CONVERSELY, THE ADMINISTRATION'S PROPOSAL FOR A NEW UMTA PROGRAM CONTINUES THE SAME INEQUITABLE BIG CITY-TYPE PROGRAM THAT HAS PROVIDED LITTLE HELP FOR RURAL STATES LIKE ARKANSAS.

## Responsive Allocation Formula

Next it is necessary to discuss a controversial, but critical, subject that must be addressed in the next Federal Surface Transportation Proposal. It is the issue of a fair and responsive allocation formula.

It is appropriate to say that the first goal of a new Federal transportation policy must be to preserve our existing system of Interstate highways and major arterials, or as is being proposed, the "National Highway System."

Extensive studies undertaken by AASHTO and adopted by the Federal Highway Administration document conclusively that, by far, the major contributor to highway deterioration is the extensive use by heavy trucks. States with a high concentration of heavy trucks will incur significantly higher rehabilitation costs than those with low truck volumes. Therefore, an element that reflects truck usage should be a major factor in any new allocation formula.

From reviewing the proposed legislation, it was determined that apportionment is based 70% on the ratio of highway use of motor fuels.

While a number of possibilities exist, our review of data collected and supplied by the various states indicates that diesel fuel consumption is currently the most reliable and accurate indicator of highway use by heavy trucks. It is.

THEREFORE, OUR RECOMMENDATION THAT A FAIRER RATIO WOULD BE 35% ON THE BASIS OF GASOLINE AND 35% ON THE BASIS OF DIESEL FUELS. THE USE OF DIESEL FUEL AS A FACTOR WILL NOT ONLY REFLECT TRUCK USAGE AND ACCOUNT FOR DAMAGE TO HIGHWAYS DONE BY HEAVY TRUCKS, BUT WILL ALSO PRODUCE A STRONG INCENTIVE FOR STATES TO CRACK DOWN ON FUEL TAX EVASION, WHICH SHOULD INCREASE REVENUES INTO THE HIGHWAY TRUST FUND AND PROVIDE MORE REVENUES AT THE STATE LEVEL.

WE REALIZE THAT SEVERAL PROPOSALS EXIST NOW AND THAT MANY MORE WILL SURFACE BEFORE A DECISION ON A NEW FORMULA IS REACHED. THE FEDERAL HIGHWAY ADMINISTRATION'S PROPOSED ALLOCATION PROVIDES A MAJOR IMPROVEMENT TOWARD EQUATING NEED WITH FUNDING. IF THE FUEL ELEMENT IN THIS FORMULA WAS DIVIDED EQUALLY BETWEEN GASOLINE AND DIESEL, RECOGNITION OF THE IMPACT OF HEAVY TRUCK VOLUMES WOULD BE ACCOUNTED FOR. WITH THIS REVISION, THE ADMINISTRATION'S PROPOSAL WOULD BE MORE ACCEPTABLE AS PROVIDING FOR ARKANSAS' NEEDS.

## COST ALLOCATION

THE FINAL REPORT ON THE "FEDERAL HIGHWAY COST ALLOCATION STUDY" THAT WAS MANDATED BY SECTION 506 OF P.L. 95-599, THE 1978 SURFACE TRANSPORTATION ACT, WAS SUBMITTED TO CONGRESS IN MAY, 1981, BY THE SECRETARY OF TRANSPORTATION.

THIS REPORT WAS USED BY CONGRESS TO ALTER THE HIGHWAY USER FEES PAID BY HEAVY VEHICLES TO BRING THEM MORE IN LINE WITH WHAT THEY SHOULD BE PAYING. SINCE THE STUDY INDICATED HEAVY VEHICLES WERE NOT PAYING THEIR FAIR SHARE TO MAINTAIN AND CONSTRUCT THE NATION'S HIGHWAY SYSTEM.

RECENTLY, THE AASHTO HIGHWAY SUBCOMMITTEE ON HIGHWAY TRANSPORT COMPLETED A STUDY TO DETERMINE THE ACTIVITY OF THE STATES IN CONDUCTING THEIR OWN HIGHWAY COST ALLOCATION STUDIES.

IT WAS FOUND FROM THIS REPORT THAT 21 STATES HAVE CONDUCTED THEIR OWN COST ALLOCATION STUDY SINCE 1977 AND FOUR OF THESE STATES ARE CURRENTLY UPDATING THEIR STUDIES. IN ADDITION, THREE OTHER STATES ARE NOW CONDUCTING A COST ALLOCATION STUDY. UNFORTUNATELY, 26 STATES HAVE NEVER MADE A STUDY OF THIS NATURE, BUT HAVE RELIED ON THE OUTCOME OF THE OTHER STATES, AS WELL AS THE NATIONAL REPORT TO ASSIST THEM IN DETERMINING THE FEES TO BE CHARGED TO THE HEAVIER VEHICLES.

IT HAS NOW BEEN OVER EIGHT YEARS SINCE THE FEDERAL HIGHWAY COST ALLOCATION STUDY WAS COMPLETED AND THE NUMBER OF HEAVY VEHICLES HAVE CONTINUED TO INCREASE. IT IS NOW TIME THAT THIS STUDY BE UPDATED AND THAT A NATIONAL WEIGHT DISTANCE TAX BE SERIOUSLY CONSIDERED AS A METHOD TO COLLECT HIGHWAY REVENUES FROM THE HEAVIER VEHICLES IN LIEU OF CONTINUING TO RAISE THE TAX ON DIESEL FUEL.

## Truck Length and Weight Limits

There are currently several proposals being discussed to increase truck length and weight limits. Because of the large volume of trucks that travel our roads and highways, Arkansas will be heavily impacted with respect to safety and accelerated road and bridge damage by any changes that increase Federal truck size and weight legislation.

We strongly recommend that no changes be made to either the length or weight limits.

## National Highway System

Various discussions and meetings are now being held in our state, as well as the nation, on the very controversial issue of the size of the proposed "National Highway System."

Although recent discussions with FHWA officials have resulted in some improvement in mileage allocations and route inclusions, the level now being proposed by the Administration for Arkansas will only provide approximately 2,000 miles for the rural system, including the present Interstate mileage. This will omit many of Arkansas' major routes. These omitted routes are statewide routes that have been identified for expansion and for many reasons need to be included in this category.

STILL, SINCE THE SIZE OF THE SYSTEM AND THE DISTRIBUTION OF FUNDS ARE NOT TIED TOGETHER, WE BELIEVE EACH STATE SHOULD HAVE FLEXIBILITY IN DETERMINING THE SYSTEM SIZE IN THEIR STATE. WE FURTHER BELIEVE THAT THE PROCESS USED TO ARRIVE AT THE SIZE OF THE SUGGESTED SYSTEM, OR THE CAP IN NUMBER OF MILES, IS SO FLAWED AND SO CONTROVERSIAL THAT A CONCENSUS WILL NEVER BE REACHED.

ALSO, SINCE THE INTERSTATE SYSTEM IS NEARING COMPLETION, IT IS NOT NECESSARY TO IDENTIFY A SEPARATE SMALL SYSTEM AND REPORT THE COST TO COMPLETE EVERY TWO YEARS. IT IS TIME TO PROVIDE A PROGRAM THAT WILL LET EACH STATE DEAL WITH THEIR OWN UNIQUE NEEDS IN SYSTEM DESIGNATION, AS WELL AS FUNDING AS DISCUSSED EARLIER.

THE ORIGINAL 4% FOR RURAL AND 10% FOR URBAN AS EARLIER DISCUSSD AND CONSIDERED BY THE FEDERAL HIGHWAY ADMINISTRATION AND AASHTO SEEMS TO WORK WELL IN ARKANSAS. IT ALLOWS FOR A SYSTEM OF APPROXIMATELY 3,500 MILES AND COVERS MOST OF THE MAJOR TRAVELED CORRIDORS. THIS SYSTEM SIZE FOR ARKANSAS WILL RESULT IN A REDUCTION IN EXISTING ELIGIBLE MILES ON THE INTERSTATE AND PRIMARY SYSTEM OF APPROXIMATELY 50%, OR 3,500 MILES, AND IS BELIEVED TO BE MORE IN LINE WITH A "REDUCED SYSTEM."

THEREFORE, IN LIEU OF THE 150,000 MILE NATIONWIDE LIMIT AS NOW PROPOSED BY FHWA, WE RECOMMEND A MILEAGE LIMITATION OF 200,000 MILES FOR THE NATIONAL HIGHWAY SYSTEM. THIS WILL ALLOW THOSE STATES DESIRING A LARGER SYSTEM THE FLEXIBILITY NEEDED.

## Highway Trust Fund Issues

At this point, it may be a good idea to look at Arkansas' status relative to the Federal Highway Trust Fund. Budget balancing practices, inequitable apportionment formulas, unfavorable funding decisions, and other limitations have resulted in a continual decline in the amount of Federal Aid Arkansas receives. One cannot help but question the Federal Government's role in providing a continuing reliable source of highway funding and, at the same time, use the Trust Fund in dealing with the deficit. The Highway Trust Fund must be protected from such budgeting balancing action by removing it from the unified Federal budget.

Additionally, we support a drawdown in the existing balance of the Highway Trust Fund. The additional funds can, and should be, utilized NOW on deteriorating highways and to provide needed economic development access.

While the Administration's proposal does increase funding significantly in F.Y. 1996, based on recent recommendations by the House Public Works and Transportation Committee and a GAO report, it appears that the entire Federal Program level can be increased significantly over existing levels and the Administration's proposal.

## Cost and Time of Construction

Another issue that we continue to hear more and more about from our constituents is that of the cost of Federal aid construction and the accompanying burdensome and time consuming red tape. The Federal aid process can result in taking several years to advance a project on new location to contract. This is entirely too long. Now that we have additional requirements in the environmental area due to the so called "no net loss" wetlands policy, it may take even longer, and in some cases a project may be completely halted. Also, the relocation requirements and rigid categories and standards all combine to expand the cost and increase the implementation time for Federally aided projects. It is imperative that any new program deal effectively with simplifying these issues so that States can provide the public with <u>timely</u> improvements. It is becoming very difficult to understand, much less explain to the public, why the process takes so long.

## Budget Balancing Process

Another problem area that must be discussed and addressed by Congress now is the concept of raising taxes on motor fuels and petroleum products for budget balancing purposes. The recently passed budget reconciliation act which increased the Federal motor fuel tax by five cents, further compounds this problem.

RAISING HIGHWAY USER TAXES TO BALANCE THE BUDGET IS NOT THE ANSWER. ACCORDING TO RECENT FEDERAL STATISTICS, ARKANSAS RANKS HIGHEST IN THE NATION IN MOTOR FUEL CONSUMPTION PER REGISTERED VEHICLE. ANY ATTEMPT TO BALANCE THE BUDGET THROUGH INCREASED FUEL TAXATION WILL FALL MOST HEAVILY ON ARKANSAS' ROAD USERS. ALREADY, OUR ECONOMY IS SUFFERING. THERE IS SIMPLY NO JUSTIFICATION FOR ARKANSAS HAVING TO BEAR A DISPROPORTIONATE SHARE OF SOLVING THE NATION'S FINANCIAL PROBLEMS.

IT IS IMPERATIVE THAT ALL FUTURE FUNDS COLLECTED FROM THE ROAD USER REMAIN DEDICATED ONLY FOR HIGHWAY PURPOSES.

## DELTA CONSIDERATIONS

FINALLY, THERE IS AN ISSUE THAT AFFECTS A MAJOR REGION IN OUR NATION THAT HAS BEEN VIRTUALLY IGNORED IN ALL OF THE TRANSPORTATION REAUTHORIZATION PROPOSALS. IT DEALS WITH PROVIDING TRANSPORTATION FACILITIES TO HELP REVITALIZE THE ECONOMICALLY DEPRESSED MISSISSIPPI DELTA REGION.

IN 1988 CONGRESS APPROPRIATED A SUBSTANTIAL SUM OF MONEY TO STUDY THE NEEDS OF THIS REGION. I THINK YOU WILL BE IMPRESSED WITH THE STUDY'S RECOMMENDATIONS AND THE PROGRESS MADE SO FAR.

THE STUDY RECOMMENDED "THAT CONGRESS PRIORITIZE FUNDING FOR THE GREAT RIVER ROAD AND PROVIDE FUNDS FOR ITS COMPLETION." NUMEROUS ORGANIZATIONS SUCH AS THE MISSISSIPPI RIVER PARKWAY COMMISSION ARE ALREADY AGGRESSIVELY PURSUING THE ACCOMPLISHMENT OF THIS RECOMMENDATION.

ALSO, THE STUDY RECOMMENDS THAT THE STATES SHOULD CREATE A REGIONAL CONSORTIUM TO GUIDE DEVELOPMENT OF HIGHWAY TRANSPORTATION FOR ECONOMIC DEVELOPMENT. THIS CONSORTIUM OF SEVEN DELTA STATES HAS ALREADY BEEN ESTABLISHED AND APPOINTED REPRESENTATIVES ARE MEETING THIS FRIDAY IN FORREST CITY, ARKANSAS, TO PURSUE THE IMPORTANT OBJECTIVE.

ADDITIONALLY, THE STUDY RECOMMENDS THAT THE "STATES SHOULD PROVIDE ADDITIONAL FINANCIAL RESOURCES THROUGH INCREASED FUEL TAXES OR BOND ISSUES TO MEET UNFUNDED HIGHWAY AND BRIDGE CONSTRUCTION AND EXPANSION REQUIREMENTS IN THE DELTA." THIS IS ALREADY BEING ACCOMPLISHED. AN EXCELLENT EXAMPLE IS OUR OWN RECENTLY APPROVED PROGRAM THAT CALLS FOR A LARGE INCREASE IN THE STATE'S MOTOR FUEL TAXES TO FUND A MAJOR HIGHWAY PROGRAM. A SIGNIFICANT AMOUNT OF THE FUNDS WILL BE SPENT IN THE 42 COUNTIES THAT COMPRISE THE LOWER MISSISSIPPI DELTA REGION. OVER 2,500 MILES WILL BE IMPROVED IN THE DELTA REGION, INCLUDING MANY OF THE HIGHWAY PROJECTS SPECIFICALLY RECOMMENDED IN THE LOWER MISSISSIPPI DELTA DEVELOPMENT COMMISSION'S REPORT TO CONGRESS. HIGHWAY IMPROVEMENT IN THE DELTA IS A HIGH PRIORITY.

FINALLY, THE STUDY RECOMMENDS THAT CONGRESS AND THE PRESIDENT SHOULD FUND SEVERAL CRITICAL MULTI-STATE HIGHWAY PROJECTS IN THE REGION. THIS, OF COURSE, IS WHERE WE NEED YOUR HELP. IT IS CRUCIAL THAT A NEW FEDERAL TRANSPORTATION PROGRAM RECOGNIZE AND ACCOMMODATE THE NEED TO FUND PROJECTS TO STIMULATE RELIEF FOR ECONOMICALLY DEPRIVED REGIONS OF OUR NATION. THERE

IS AMPLE PRECEDENT FOR THIS TYPE OF ACTION AS EVIDENCED BY THE SUCCESS OF THE APPALACHIAN REGIONAL PROGRAM. WE SINCERELY HOPE YOU WILL INCLUDE THIS EFFORT IN YOUR DELIBERATING FOR A NEW TRANSPORTATION PROGRAM.

## CLOSING

IN SUMMARY, WHILE WE ARE PLEASED WITH THE GENERAL INTENT OF THE ADMINISTRATION'S PROPOSED NEW LEGISLATION, WE ARE VERY CONCERNED ABOUT SEVERAL OF THE ISSUES, SOME OF WHICH WE HAVE DISCUSSED TODAY. WE ASK THAT THIS COMMITTEE ESPECIALLY CONSIDER OUR RECOMMENDATIONS ON MATCHING RATIOS, MILEAGE ALLOWED FOR THE "NATIONAL HIGHWAY SYSTEM," FUNDING SPLIT AND FLEXIBILITY BETWEEN NHP AND THE URBAN/RURAL PROGRAM AND THE MINIMUM ALLOCATION PROVISIONS.

THANK YOU AGAIN FOR AFFORDING US THIS OPPORTUNITY TO EXPRESS OUR CONCERNS AND CONTRIBUTE TO THE IMPORTANT PROCESS OF FORMULATING NEW HIGHWAY LEGISLATION. A RESPONSIVE AMERICAN TRANSPORTATION SYSTEM WILL BE REQUIRED TO MEET OUR EVER CHANGING NEEDS AND PROVIDE THE NATION MOBILITY AS WE MOVE INTO THE 21ST CENTURY.

THE ARKANSAS HIGHWAY COMMISSION AND THE ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT STAFF WISHES TO COMMEND NOT ONLY THIS SUBCOMMITTEE, BUT ALSO THE HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE FOR THIS VERY IMPORTANT AND TIMELY LEGISLATIVE REVIEW. ONLY TIME WILL TELL HOW SUCCESSFUL ALL OF OUR EFFORTS HAVE BEEN.

# Testimony For
# SURFACE TRANSPORTATION SUB-COMMITTEE

By
H. L. HEMBREE, III

Fort Smith, Arkansas
April 22, 1991

Testimony For

Surface Transportation Sub-Committee

By

H. L. Hembree, III

Fort Smith, Arkansas
April 22, 1991

Chairman Mineta, Congressman Hammerschmidt and members of the Surface Transportation Sub-committee, I would like to thank you for coming to Fort Smith for this hearing and also for allowing me the opportunity to speak to you on behalf of the citizens of this area. I am H. L. Hembree, Managing Partner of Sugar Hill Partners, and I have been involved in a variety of corporations throughout the nation for over thirty-five years. My primary interests and base of operations have been here in western Arkansas and in preparing for your visit it occurred to me that throughout this period we have been trying to get support for a decent North-South highway system through this area.

I extracted the following from a publication in November, 1966, that stated: "H. L. Hembree, Secretary-Treasurer of the Sebastian County-Fort Smith Area Planning Commission showed slides and spoke on the makeup of the 21-county area represented by the Western Arkansas Development Association, Inc., which is chaired by J. Fred Patton. Purpose of the group is to further develop the plans for a turnpike from the Missouri line to Louisiana, running through the western section of-Arkansas. Missouri and Louisiana are also working on the project; the overall goal being to build the turnpike from Kansas City to New Orleans." Ladies and gentlemen, we are gathered here today, some 25 years later, discussing the same subject. I have to believe there is a message here. Our economic growth has far exceeded the development of our transportation network and today the lack of a four-lane interstate highway along this North-South corridor is a more serious problem than ever before.

We are not just talking about a nice four-lane highway that runs through this area--- we are talking about connecting middle America and allowing true economic growth in all of the surrounding states. Highway safety is another major factor to be considered.

At one time truck traffic going to Houston and Shreveport came through here. Today, it all goes elsewhere, at a greater cost. The Kansas City to Shreveport run was the crust of the old Arkansas Motor Freightways. The company was actually built on the success of this run. Today, not a single schedule runs between these points. Trans-States Lines (TSL) will operate eight to ten schedules between Fort Smith and Houston today. Can you imagine what it would mean to have this last segment completed between Fort Smith and Texarkana? We are most appreciative of the support and progress being made on U.S. 71 to the North but until we get this connection to the South, we will never be able to open up middle America and be able to enhance the opportunities for business and industry along this corridor.

Only last week while driving on Interstate 40 enroute to Little Rock, I noticed the marked difference between the development on it versus our State Highway 22 on the other side of the river. Plain and simple, the volume of traffic has made that difference. Accordingly, when driving on Highway 71, you see the decayed motels due to lack of traffic as well as lack of good local restaurants. This situation should not exist since there are over 45 million people living in these Mid-America states. Many of these people are actually afraid to travel Highway 71 because it is narrow and crooked and they do not want to add to the large number of fatalities that continue to occur each year on these highways. We need your help to find a way to create a program whereby we can get this long-awaited project underway now! The next time I testify before this committee, I would love to say, "Thank you, ladies and gentlemen, for a job well-done."

STATEMENT BY

ANN HENDERSON

EXECUTIVE DIRECTOR

ARKANSAS TRANSIT ASSOCIATION

BEFORE THE

SURFACE TRANSPORTATION COMMITTEE

OF THE

HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

REGIONAL HEARING ON REAUTHORIZATION
OF FEDERAL HIGHWAYS AND MASS TRANSIT PROGRAMS

FORT SMITH, ARKANSAS
APRIL 22, 1991

Mr. Chairman:

My name is Ann Henderson and I am the Executive Director of the Arkansas Transit Association. Thank you for inviting me to testify before you today on the importance of public transportation in our state and how critical federal assistance is to make this basic service available for all Arkansans.

Our statewide association represents over 100 properties supported by the Urban Mass Transportation Administration, and our members include transportation providers ranging from Central Arkansas Transit in Little Rock with 60 buses to elderly and handicapped agencies who serve special constituents throughout the state.

Specifically, Arkansas has four Section 9 urban (fixed-route) systems and eight Section 18 rural (fixed-route and demand response) systems. These twelve public transportation agencies serve only twenty-five of the seventy-five counties in Arkansas. There are approximately 100 paratransit agencies that serve their own clientele of elderly and handicapped citizens.

Costs for these transportation providers have risen significantly over the years. The price of vehicles has increased and, in light of the Americans with Disabilities Act and the Clean Air Act, these prices will escalate even higher. Maintainence and operating costs, including higher

minimum wages and insurance, and certainly now rising fuel costs, will make it impossible to provide the needed services on current funding levels.

Public transit providers recognize and support the need for good streets and highways. However, more federal assistance for the transportation of people is critical. Public transportation is needed for low income workers, the elderly and the disabled.

Arkansas ranks third in the nation in the percentage of elderly population. We rank near the top in the nation in the total number of disabled people, including the physically handicapped as well as those with mental and developmental disabilities. In addition, Arkansas ranks first in motor fuel consumption per registered vehicle.

For every gallon of gas purchased, each state pays one and one-half cents into the Mass Transit Account of the Federal Highway Trust Fund. This account is distributed back to the states for transit. In 1988, Arkansas paid over 14.5 million dollars into the MTA Account. However, we received back less than $600,000. Arkansas ranked 50th in the nation in return of those funds that year. In 1989, Arkansas motorists paid $17,196,750; only $760,747 was returned to our state. In other words, for every dollar paid, we got back only four cents! Moreover, the percentage of return has worsened with the new federal gas tax. We will now pay over twenty-five million dollars into the account, but our return will be less than three cents for each dollar contributed. Arkansas truly is a donor state.

There appears to be a bias in the federal funding formulas toward big rail systems. While rail is appropriate for the seven or eight largest areas in the country, the vast majority of the country needs adequate funding for buses, minibuses and vans. We need an equitable and guaranteed return of Mass Transit Account funds to the states, similar to the guaranteed percentage of money returned for highways. That highway percentage is currently 85 percent. Furthermore, states need the flexibility to use those funds for the Section 18 rural systems.

Urban and rural systems depend upon operating assistance. In real dollar terms, federal operating assistance today is one half of what it was in 1980. A cut or reduction of these funds would certainly have a devastating effect.

Arkansas is basically a rural state. Everyday lack of mobility impacts thousands of Arkansans by being the most significant barrier to basic health and human service needs. These individuals must depend on limited public transit, service agencies, family, neighbors, and volunteer organizations for transportation. Less than one-half are being afforded adequate transportation for such basic needs as medical care, shopping, education and employment.

Forty-two counties in the eastern half of Arkansas are part of the region recently studied by the Lower Mississippi Delta Development Commission. Included are some of the poorest counties in the country; and out of those forty-two counties, public transportation is available in only six.

Dr. Joycelyn Elders, Director of the Arkansas Department of Health, stated recently that the greatest barrier to health care in Arkansas is transportation. She said that people who can afford health care have transportation. But people cannot get health care if they cannot get to the service.

To illustrate, let me tell you a story that happened just a few short months ago at one of our rural systems, Mid-Delta Transit in Helena, located on the Arkansas River. A fifteen year old girl with a newborn child met the bus at its scheduled stop in the small community of Marvell. Even though she did not have enough money for the fare, she asked if she could take her baby to the doctor in Helena, some fifteen miles away. The driver probably stretched procedures to let her ride free, but it was lucky for the baby that she did. The doctor hospitalized the infant immediately for a life-threatening illness. The child survived, but the outcome might have been much less fortunate if the transportation had not been available. Indeed, public transportation impacts peoples' lives every single day.

Recently, Congressman Ray Thornton from Arkansas called for more federal support of public transportation in rural areas. He said, "We need to improve public transit, and we need to strengthen the federal commitment for those people who cannot afford the most expensive form of transportation known to man, which is everybody jumping in his own car and going."

In Arkansas, this private form of transportation is not available to a significant - and increasing - number of citizens. These are transportation-dependent individuals. It does not matter how much we spend on improving our highway system; these people cannot benefit because so often they have no means of accessing this basic mode of transportation.

It is evident we have needs that are not being met. We are making progress, but there is much to be done. The Administration's proposal goes some distance in recognizing some of these needs. While we do not feel like it is nearly enough support under the transit portions, they do seem to recognize the necessity for funding rural providers and those serving the elderly and the handicapped.

However, there is also a proposal before the committee recently introduced by Congressman Nick Rahall, along with Congressman Beryl Anthony of Arkansas and over thirty of your colleagues, including a dozen members of this subcommittee. This bipartisan effort goes even further to support the public transportation crisis, and in our judgment, deserves your very serious consideration. I am talking about H.R. 1079, the Mobility Assistance Act of 1991.

The Mobility Assistance Act is designed to increase assistance for public transportation across the board. No one loses, and everybody wins. For states like Arkansas, it helps target increases for small urban, rural and paratransit providers that have historically been under-funded.

We applaud the Administration's recognition that the name of the Urban Mass Transit Administration should be changed. However, I personally support the Mobility Assistance Act's name change to the Federal Public Transportation Administration. I fight the perception every day that our state does not have "mass transit". As one state senator put it, "We ain't got no subways in Arkansas." It is difficult to convince our local citizens that the same pot of money paying for big city rail systems also helps their mom get to the senior center.

Only through expanded and improved public transportation services can these people reap the rewards of opportunities available to them. Today, I cannot help but reflect that it is much easier for a citizen of East Berlin to get to West Berlin than it is for some people to get from West Memphis, Arkansas, to Memphis, Tennessee.

As jobs, goods and services move to regional centers, we cannot afford to leave behind the transportation-dependent -- the poor, the elderly, those with disabilities, and willing workers. As we focus on our future, it is imperative that transportation issues go beyond the emphasis on moving vehicles to include strategies for moving people.

TESTIMONY

OF

HONORABLE STEVE HETTINGER
MAYOR, CITY OF HUNTSVILLE
P. O. BOX 308, HUNTSVILLE, ALABAMA 35804
205-532-7304

REPRESENTING
THE ALABAMA, GEORGIA, MISSISSIPPI AND TENNESSEE COALITION

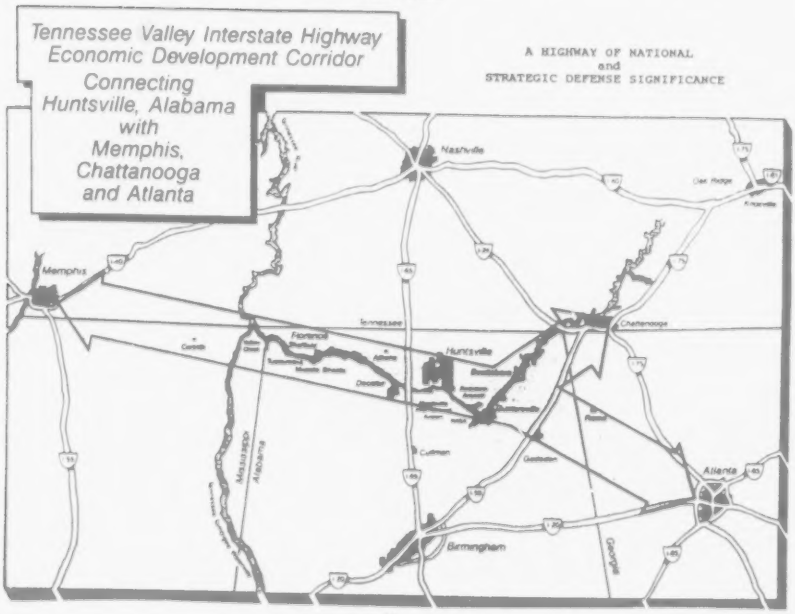
BEFORE
THE SUBCOMMITTEE ON SURFACE TRANSPORTATION
OF THE
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES

REGIONAL HEARING

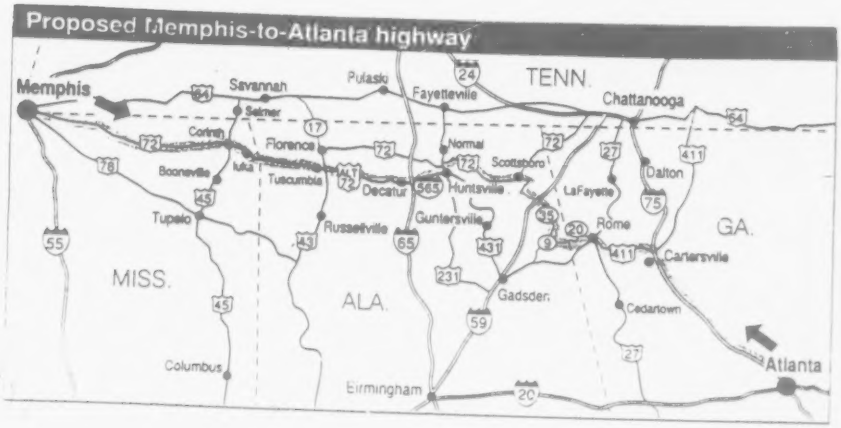
APRIL 22, 1991

ON
AUTHORIZATION OF THE POST-INTERSTATE
SURFACE TRANSPORTATION PROGRAMS

FOR THE

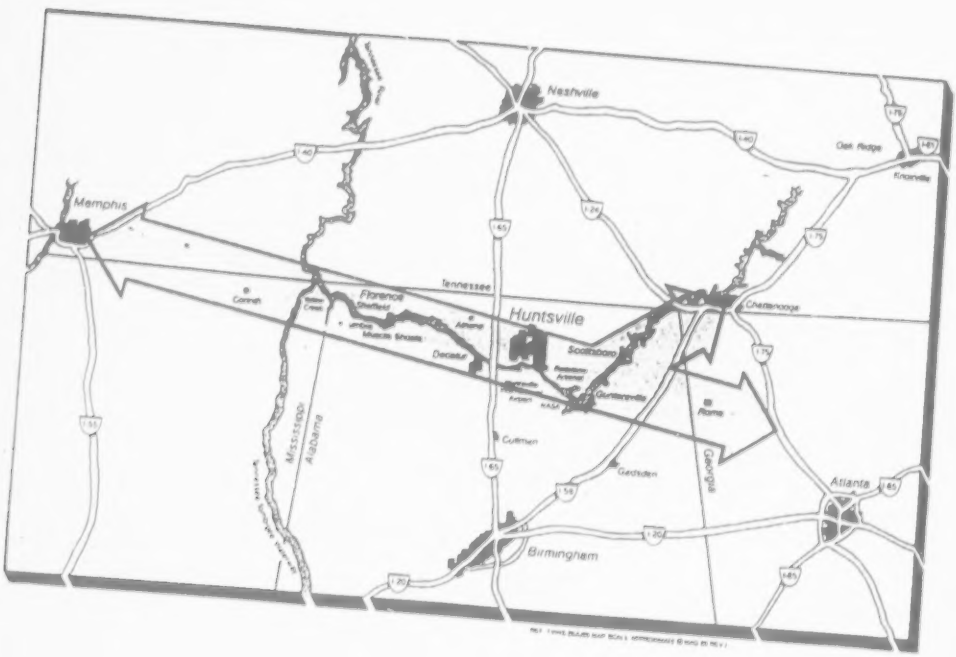


Mr. Chairman and distinguished members of the Subcommittee on Surface Transportation, I am Steve Hettinger, Mayor of Huntsville, Alabama, representing not only that great city, but also a four State coalition of Mayors, elected officials, councils of government and citizens, requesting that you authorize the necessary mileage for the construction of a Highway of National Significance built to interstate specifications from Memphis to Huntsville to Atlanta and from Huntsville to Chattanooga. Without Federal leadership and legislative direction multi-state needs will not be met. Our desire today is to present such a project to you.

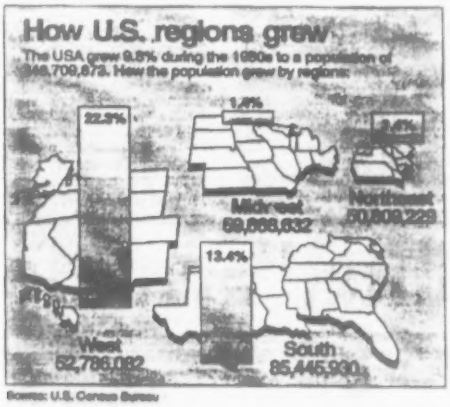



Atlanta, the 12th largest metropolitan area in the U.S., and Memphis, are unique in that they are not directly connected by an Interstate even though the planning criteria was to connect cities of 50,000 or more by the 1950 census. We are an east/west oriented transportation region between these two great cities due to the Tennessee River and Norfolk Southern Railway's main line from Memphis to Chattanooga, both of which parallel the river most of that distance. Even though north/south I-65 runs from Birmingham to Nashville, it only passes through North Alabama; it does not have a connector to a single city. I-565, a connector from I-65 through the downtown business district (DBD) of Huntsville, 22.1 miles, was authorized January, 1969, however, it is under construction, completion scheduled for Fall of 1991.

As reflected by this map, over 50% of North Mississippi, 40% of North Alabama and 30% of North Georgia are not served by an east/west Interstate Highway, having been left out of what has become the single most important economic development factor of this century, the 44,000 mile Interstate System (National Defense Highway Transportation System) that was authorized in 1956. This is a land mass larger than most states.



The shocker out of all this is that this land mass is right in the middle of the second highest growth region in the U.S., the South, accounting for over one-third of the Nation's population growth in the past decade.

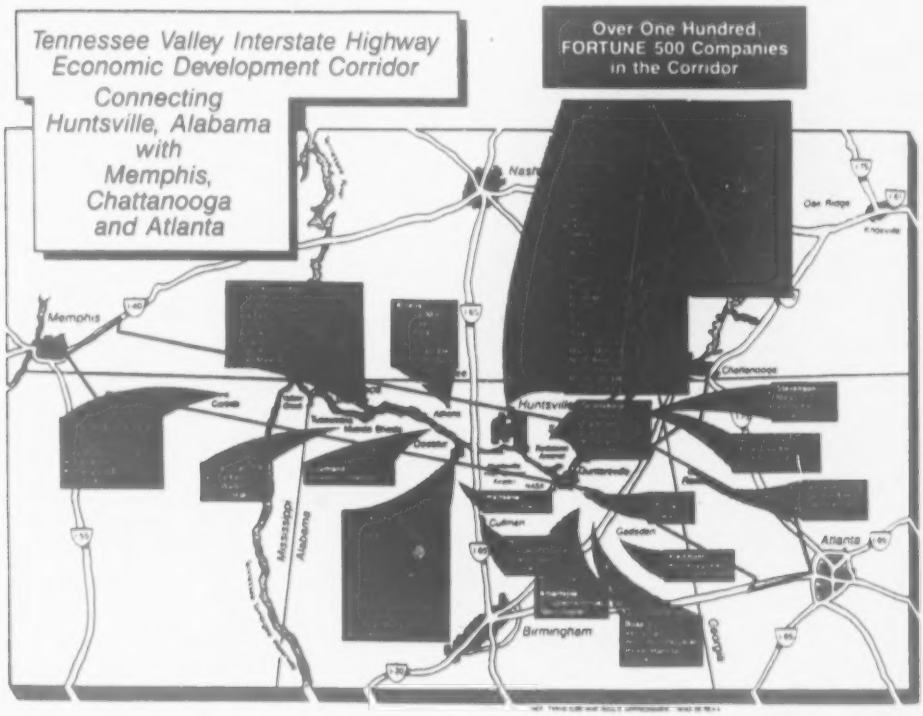



North Alabama accounted for 60% of Alabama's growth during the 80's. Huntsville and Madison County accounted for 44% of that total growth for the State, consistently being ranked as one of the top "economic hot spots" in the country. Between Memphis and Atlanta today along the Corridor route are four metro areas: Gadsden, Huntsville, Decatur and Florence. The MSA's alone that would be directly served by this corridor route, selected by the highway departments of Alabama, Georgia, Mississippi and Tennessee, account for a population of almost 5 million.

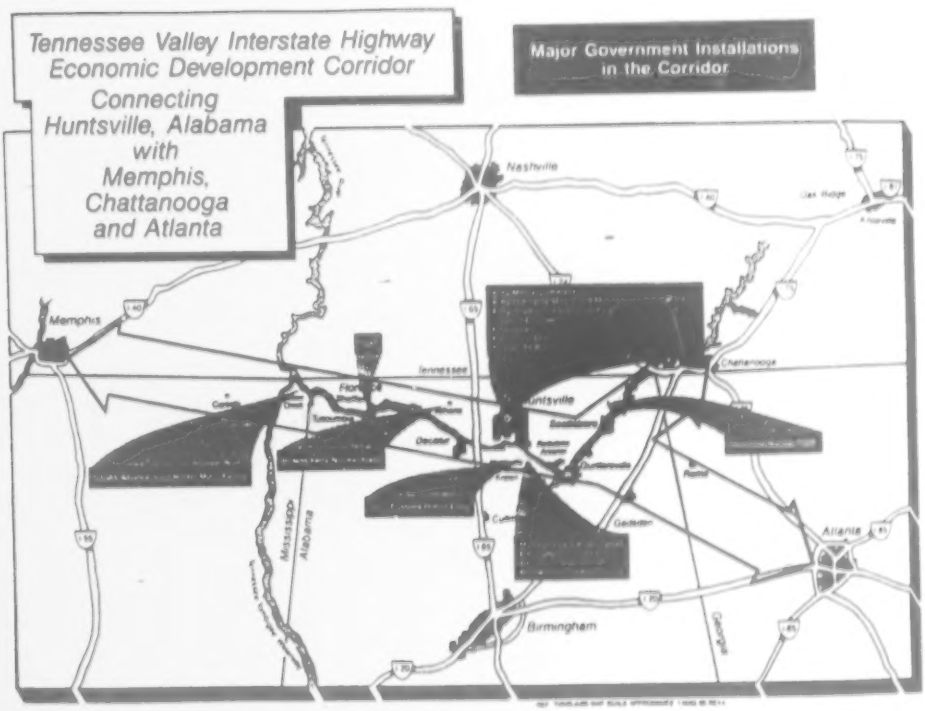
METROPOLITAN STATISTICAL AREAS
1990 CENSUS

| | |
|---|---|
| ATLANTA | 2,833,511 |
| MEMPHIS | 981,747 |
| CHATTANOOGA | 433,204 |
| HUNTSVILLE | 238,912 |
| FLORENCE | 131,327 |
| DECATUR | 131,556 |
| GADSDEN | 99,804 |
| TOTAL | 4,850,061 |

Along the Corridor route, excluding Memphis and Atlanta, are over 100 Fortune 500 companies. Of Strategic Defense Significance is the fact the route also serves Redstone Arsenal and NASA's Marshall Space Flight Center at Huntsville and the Advanced Solid Rocket Motor facility at Yellow Creek near Iuka, Mississippi, the route adding a link to the Strategic Highway Network (STRAHNET) that is demanded today.



Redstone Arsenal, Huntsville, Alabama, headquarters for the Army Missile Command, has been proposed as a military base to add personnel and roles. The Secretary of Defense made that official on April 12, 1991 in his proposal to the Base Readjustment Commission.



At this juncture in time it is your task to launch a new National Highway System Plan that will take us into the 21st Century, knowing that we must be more efficient domestically and internationally transportation-wise. We won the Persian Gulf War with speed, technology and American can do spirit. If we are to win the economic war we are now engaged in, we must improve our surface transportation system or lose the battle. The latter is both unacceptable and un-American.

**If we are to contribute and survive economically, we can not be left out of the Interstate System for another 35 years.**

While the Interstate was being built our transportation infrastructure was falling apart. Between Memphis, Huntsville and Chattanooga we still have quite a few miles of original 2 lane, pre-World War II Primary Highway still in use; a condemned bridge across the Tennessee River on U.S. 431; a draw-bridge on U.S. 31 at Decatur that backs up traffic over 5 miles when it is raised to let a 21 barge tow pass; and only the use of the rural road system to get to Atlanta. The local joke is, you need an Indian Guide to get there. It is such an obstacle course it is worthy of being a 1996 Olympic event.

What happened? The scenario is an amazing and interesting account of what transportation, education and perseverance can accomplish under such adverse transportation conditions. Here are a few of the salient features:

- Following WWII the 40,000 acre Redstone Arsenal at Huntsville, Alabama was closed but reopened to establish the Army Missile Command (AMC). Today AMC oversees the development, manufacture and deployment of the Army's arsenal of missile weaponry, training included, employing 15,000 and managing annual appropriations approximating $9 billion. They produced the Pershing Missile, our first line of defense in Europe. Few recall, however, that a Redstone rocket lofted us into the exploration of space. Everyone in the world knows today that the Patriot Anti-Missile Missile System, the Tommyhawk, the Stinger and the Multiple Launch Rocket System (MLRS) were conceived and developed by AMC at Redstone and that AMC is playing a major role in the Strategic Defense Initiative (SDI).

- In the late fifties Congress established the National Aeronautics and Space Administration (NASA), moving Von Braun's team to the Marshall Space Flight Center on Redstone Arsenal where today some 3650 scientists and engineers are employed and the operating budget is almost $3 bilion. They put man on the moon in the 60's. They are the backbone of our Space Program today.

- Huntsville has become one of the high-tech centers in the country. Every major aerospace firm has substantial personnel and facilities there.

- Yellow Creek, near Iuka, Mississippi, sitting astride the confluence of the Tennessee River and the Tennessee-Tombigbee Waterway, has been selected as the site for the Advanced Solid Rocket Motor (ASRM) facilities. Lockheed, Sunnyvale, California, has been selected as the prime contractor, supported by Aerojet Space Boosters, Sacremento, California. Employment will be in the thousands and appropriations in the hundreds of millions. Mississippi, Tennessee and Alabama are pouring millions into infrastructure projects and facilities to support and accomodate the explosive growth taking place. However, the highest infrastructure requirement is adequate connections with the nation's Interstate Highway System and NASA's Marshall Space Flight Center at Huntsville. The proposed corridor route from Memphis to Huntsville to Atlanta falls squarely across Yellow Creek and Iuka, meeting that and a STRAHNET priority, and passes within rock-throwing distance of the Marshall Center.

- The University of Alabama at Huntsville is now a full campus with an enrollment of 10,000, offering graduate and under graduate degrees. A & M University, a land grant college, has moved forward into the sciences and social studies. Oakwood College attracts students from the four corners of the world, as does A & M. Athens College, Athens, Alabama and the University of North Alabama in Florence contribute to create a spectrum of higher education across North Alabama, supplemented with a number of community colleges and vocational education schools.

- The creation of the Tennessee Valley Authority (TVA) in the early 30's caused President Franklin D. Roosevelt to make the prediction that it would make the valley, North Alabama, " . . bloom like a rose". And it did. In addition to taming the flood ravaging Tennessee River and making it navigable the year round, accomodating 21 barge tows, it generated electrical energy and provided the water resources our modernizing industries were craving. Our proposed Economic Development Corridor route parallels this great river as it courses through North Alabama and within that corridor today, as mentioned, are over 100 Fortune 500 companies with major facilities, operations and employment. TVA is a pioneer in nuclear energy and as we head into the next century they are prepared to provide electricity that will contribute further to the environmentally clean manufacturing communities we must attain, reducing our dependence on oil.

- The 9000 miles of Integrated Inland Waterway System opened up the Valley to a vast amount of the United States via river transportation and in particular the Mid-America corn country. Barges loaded with Mid-America corn are now unloaded at Decatur and Guntersville, Alabama, to support Alabama being the largest producer of poultry in the United States, 90% of this production being in rural North Alabama. Distribution of fresh dressed poultry is over America's highway system, our Interstate Highways offering the most efficient routes, in many cases the difference between profit and loss for both producer and trucker. Mississippi, Tennessee and Georgia are equally involved in poultry farming.

- The completion of the Tennessee-Tombigbee Waterway has provided the Economic Development Corridor States of our proposal with direct access to deep water via the Port of Mobile. It will never be the economic development factor it has a potential to be, however, until it is connected into the Interstate Highway System that our proposal offers.

- The Huntsville International Airport, planned in 1963 as a multi and intermodal complex, opened in 1967. Enplaning over 1 million passengers annually, service is provided by five major carriers: American, Delta, Northwest, US Air and United, plus several commuters. FAA recently identified the airport as one of four facilities in the U.S. with the excess capacity and capability to accomodate a hub operation and provide relief to our overloaded hubs.

  The International Intermodal Center provides both container and air cargo terminal facilities at one location. Norfolk Southern provides intermodal services, connecting the region to the world's intermodal ports and allowing many of our industries to compete in exporting rather than importing.

  Huntsville was established as a U.S. Customs Port of Entry several years ago and today is the second busiest port in the Mobile District. The Port of Entry Service Area was extended to include all of North Alabama and Tishomingo County, Mississippi. Foreign Trade Zone No. 83 was created to serve the airport's Jetplex Industrial Park where 14,000 are presently employed.

September 15, 1990, Cargolux inaugurated non-stop 747 all-air cargo service from Europe to Huntsville, Alabama, the only all-air cargo non-stop between Europe and the Southeast other than Atlanta. Air cargo and intermodal terminal market areas are determined by how far you can deliver via surface transportation from time of landing to 10:00 A.M. the next morning. From Huntsville that includes Nashville, Chattanooga, Knoxville, Atlanta, Birmingham, Montgomery, Mobile, Jackson, Memphis, even Little Rock. The proposed Economic Development Corridor would, therefore, enhance the availability of this service for commerce and industry along and surrounding the Corridor, especially their ability to compete in the European and beyond Berlin Wall markets. **It is significant that the deficiency we are facing in providing domestic and international air cargo and intermodal service is surface transportation in our own backyard.**

- The International Intermodal Center has the unique capability to provide container storage of non-perishables, thus eliminating warehousing, and either air-lifting them or moving them by intermodal train to a port of departure in the event of an international conflict as recently experienced in the Persian Gulf, or international catastrophe to destinations where the container continues to be a mobile warehouse. The proposed route would enhance the staging of perishables, personnel and other equipment for outbound either by rail, container or air. **There is no other such capability in the U.S.A.** The C-17 is the first cargo plane specifically designed to air-lift intermodal containers. We're ready.

- Aerospace spinoffs are exemplified first in two hometown industries, Intergraph and SCI, both Fortune 500 companies. Intergraph is the world's leader in computer aided design/work stations, employing over 4,000 with offices around the globe. SCI is a major supplier of sophisticated components to the Department of Defense and private industry sector. The hi-tech environment, educational opportunities at all levels, and the multi and intermodal transporation services have attracted a plethora of industries to the Valley, in particular the automotive industry. Chrysler's Acustar at the Jetplex Industrial Park; GM's Saginaw plant near Decatur and Athens; and GM's Saturn in Southern Tennessee are classics, with more to come.

The states west of Memphis and east of Atlanta will benefit from the route. AMC and NASA at Redstone Arsenal oversee a $7-$9 billion market each year. The hundreds of companies along the route comprise a substantial market. Arkansas, for instance, will be provided a direct access into the heart of this market area, into the heart of the Southeast and a direct route to Atlanta. Atlanta and the communities east of there already have strong ties with the market area described, they just don't have an efficient or safe highway system to reach them. The existing highway maze offers less than 10 miles of controlled or free access.

Our proposal is truly "a Highway of National and Strategic Defense Significance". Your authorizing the mileage to add this route is the only way it will ever be built. Insasmuch as most of it will be spread among 3 states - Alabama, Georiga and Mississippi, Tennessee being involved with less than 25 miles - it will not create a financial burden on any one state or on the Highway Trust Fund. Inclusion will allow, on the other hand, an early and expeditious completion of the project, defining the need for multi-state cooperation.

Mr. Chairman and members of this Subcommittee on Surface Transportation, we have patiently paid our tribute these past 35 years to the building of the Interstate System that we all are justly proud of. We got left out in 1956 for valid population reasons. That has reversed. We trust there is now more than ample justification for the legislation you report out to include the authorization of the necessary mileage for the construction of a highway built to interstate specifications from Memphis to Huntsville to Atlanta and from Huntsville to Chattanooga. As you know, there will not be another window like this for us for another 20 - 40 years.

We appreciate the privilege to appear before you to offer this testimony and be available to answer any questions you may have.

The following pages attached hereto are exhibits of support and information pertinent to this testimony.

Respectfully submitted,

Steve Hettinger

Steve Hettinger, Mayor
City of Huntsville, Alabama

SH/mm

Page A-6 HUNTSVILLE NEWS FRIDAY, NOVEMBER 10, 1989

# Bush signs bill providing funds for Yellow Creek plant

WASHINGTON (AP) — President Bush on Thursday signed a bill that includes $306 million to develop advanced solid rocket motors for the space shuttle at Yellow Creek, Miss.

The money for the Yellow Creek project was part of larger bill providing $67 billion for veterans, housing, environment, space and other programs for the fiscal year that began Oct. 1.

The bill provides $12.4 billion for NASA, $1.7 billion more than last year's level. Of the total, $1.8 billion would go to development of the planned space station, $250 million less than the Bush administration sought.

The bill calls for the federal government to assume the NASA facility's start up construction and development costs. The bill also provides for a total of $306 million, including $346 million for those costs in fiscal year 1990 and another $62 million carried over from fiscal year 1989.

Meanwhile, state economic development officials advise Mississippi to make quick decisions to benefit from production at the plant.

"What we have said all along is that we are on a very finite time line," Jay Moon of the state Department of Economic and Community Development said during a telephone interview.

"We indicated from the start that the projects had to be completed within an 18- to 24-month time period," Moon said. "We couldn't talk about projects that would be completed over a three- or four-year period. We want improvements in operation at a time at which plant site improvements are actually completed and families affiliated with the plant begin to move into the state."

Gov. Ray Mabus is expected to announce this month which public service entities will benefit from the $30 million in Mississippi Major Impact Economic Authority funds, for which some 65 proposals with a value in excess of $160 million were submitted.

While DECD officials have met with local officials on several occasions and have given Alcorn County's school districts a second opportunity to submit a more favorable proposal, Moon stressed that no binding decisions about allocating the $30 million have been made.

He added, however, that officials had discussed with the two school districts how consolidation into one might make possible "one large magnet school and possibly another school."

The magnet school concept is a key marketing tool state officials would like to use in luring to Mississippi homes families who might have unfavorable impressions of schools in the area. Some area officials fear workers at the facility may choose to live in Tennessee or Alabama.

WEDNESDAY, MAY 16, 1990 HUNTSVILLE NEWS Page A-3

# Lockheed is awarded $971 million contract

NASA has awarded a $971 million contract to Lockheed Missiles and Space Co. for 20 solid rocket motors, the main part of the shuttle's twin boosters.

Morton Thiokol, Inc., which produced the faulty booster rocket blamed for the 1986 Challenger disaster, did not bid on the contract, NASA spokesman Jerry Berg said Tuesday.

Under the new contract, the first set for shuttle installation is to be delivered in 1995. The motors, which provide most of the thrust during the first two minutes of flight, will be phased in over three years.

The new solid rocket motors will be produced at a yet-to-be-constructed plant at Yellow Creek, about 12 miles north of Iuka, Miss. The 125-feet-long motors will enable the shuttle to lift payloads six tons heavier than current cargos.

The $292 million production plant will be built over the next 3½ years, providing some 1,500 jobs. An additional $238 million will be spent on special equipment.

One of the 20 motors will be a test model, and seven will be used for ground test firing. The remaining 12 — one for each of the shuttle's two solid rocket boosters — will be targeted for actual launch.

Berg said the Challenger explosion increased the priority for production of the motors.

"There was some drive for doing this before Challenger, but it increased the priority for production of the motors," Berg said.

Challenger exploded 73 seconds after liftoff on Jan. 28, 1986, killing all seven astronauts. An investigation blamed a small leak in a joint between segments of one of Challenger's two booster rockets. Flames shot past two synthetic rubber O-rings and touched off the explosion of the huge fuel tank.

Following the explosion, the original solid rocket motor was redesigned to improve safety.

Preliminary work on the latest redesign project was launched in December 1989 under interim contracts between NASA and Lockheed.

Under an option for additional advanced solid rocket motors, worth up to $1.3 billion, NASA could order up to 88 motors.

Lockheed, based in Sunnyvale, Calif., is teamed with Aerojet Space Boosters Co. of Sacramento, Calif., as its principal subcontractor for development of the advanced motor, and with Rust International of Birmingham as the facility construction contractor.

Governor backs highway plan: Local/State, 1B

The Huntsville Times

Local/State

Friday, August 18, 1989

# Hunt endorses new area interstate

MARIAN ACCARDI
...ies Staff Writer

Gov. Guy Hunt today pledged e support of his administration d the state Highway Department "do what we can" to make an terstate highway linking untsville with Memphis, Atlanta d Chattanooga a reality.

Such a system would help all the ities involved, Hunt said, "and will do all we possibly can."

nt made his comments today at gathering of North Alabama ayors, legislators and economic velopment officials.

"I don't know why we can't ve a high-tech corridor con-ting us east and west," Hunt d. "I'm proud to add our pport that we will do what we to encourage the Bush ad-inistration ... to be a part of s."

Huntsville Mayor Steve Het-ger said the country will embark a new national transportation n in 1991 and "North Alabama must play a significant part in the plan."

Mike Mercer/Huntsville Times

Hunt, left, speaks with Mayor Steve Hettinger during meeting here today with area mayors.

Hunt said he plans to meet with federal transportation officials, "letting them know early on about our feelings."

Asked when construction could begin on such a highway, Hunt said it could be possible in the next decade.

"The first thing to do is get people together," he said. "This is the first time I remember this many counties and cities" getting involved in a project.

The North Alabama Mayors Association presented Hunt a resolution it adopted last month supporting the interstate linking Huntsville with Chattanooga, Atlanta and Memphis and asking that he recommend to Congress and to the state governments of Georgia, Mississippi and Tennessee that the reauthorization of the Federal-aid Highway Act add enough mileage to the interstate highway system to build that route.

Buel Springer, the association's president and the mayor of St. Florian, said the interstate would enable the Tennessee Valley to become "one of the world's major economic corridors."

The Huntsville City Council has already approved a consulting agreement with Mitchell & Mitchel Inc. to promote the system.

State of Alabama

House of Representatives

MONTGOMERY, ALABAMA

# Resolution

HJR 467

By Representatives Butler, Drake, Lindsey, Hall, Burke, Hamilton, Moon, Starkey, Goodwin, Coburn, Carter, Britnell, Dillard, Marks, Parker, Grayson, Richardson, Freeman, Brooks, Sanderford, Logan and Rains

URGING THE PRESIDENT AND U. S. CONGRESS TO SUPPORT THE TENNESSEE VALLEY INTERSTATE HIGHWAY ECONOMIC DEVELOPMENT CORRIDOR

WHEREAS, the economic welfare, the opportunity and ability to compete in today's domestic and global markets, and the interstate and interregional needs now require that Huntsville and the communities of the great Tennessee Valley be served by an interstate highway system from Memphis to Huntsville to Atlanta and from Huntsville to Chattanooga; and

WHEREAS, the Memphis-Huntsville-Atlanta corridor not only satisfies a high priority for Huntsville and North Alabama, but also serves a need for a direct, non-circuitous interstate route for Atlanta and Memphis; along the corridor are several major Metropolitan Statistical Areas and some of the most highly productive rural areas in the United States; poultry, cotton and cattle being predominant; and

WHEREAS, flowing from Tennessee through Georgia, Alabama and Mississippi, the heavily utilized Tennessee River, with its direct access to deep water via the Tennessee-Tombigbee waterway and the 9000 miles of the Interconnected Inland Waterway System, is without interstate service except for a segment in Tennessee; the Huntsville-Chattanooga Corridor will allow an orderly extension of existing I-81 at Knoxville over I-75 to Chattanooga and then the corridor to Huntsville where it would connect with the Huntsville-Memphis-Atlanta corridor, providing an interstate highway interfacing with almost the total length of the Tennessee River - a necessity if the river and the region it serves is ever to approach its transportation potential; and

WHEREAS, the Alabama Legislature, along with the City of Huntsville welcomes and encourages the cities and counties of North Alabama and the States of Georgia, Mississippi and Tennessee and

*their affected communities to join in support of these objectives and move they be authorized by Congress in the reauthorization of the Federal-Aid Highway Act, with priority funding from the Federal Highway Trust Fund as administered by the Federal Highway Administration; now therefore*

*BE IT RESOLVED BY THE LEGISLATURE OF ALABAMA, BOTH HOUSES THEREOF CONCURRING, That we hereby urge President George Bush and the members of the U. S. Congress to take the necessary actions to fund the establishment and construction of the Tennessee Valley Interstate Highway Economic Development Corridor.*

*BE IT FURTHER RESOLVED, That a copy of this resolution be forwarded to the Federal Highway Administration, President George Bush and each member of the Alabama Congressional Delegation.*

*IN WITNESS WHEREOF, I have hereunto set my hand and have caused the GREAT SEAL of the State of Alabama to be affixed by the Secretary of State at the Capitol in the City of Montgomery on this the 18th day of April, 1990.*

Guy Hunt
GOVERNOR

Secretary of State

The Huntsville Times

Local/State

Friday, March 30, 1990

# King backs Memphis-to-Atlanta interstate

The Associated Press

FLORENCE — A proposed interstate between Memphis and Atlanta, long sought by officials across north Alabama, is getting a letter of support from the state highway director.

State Highway Director Royce King said he would send a letter this week to federal Highway Administrator Thomas Larson indicating the state's support for the highway.

The proposed highway likely would bring the 500-mile interstate through the Muscle Shoals area, which is served by U.S. 72 as its primary east-west route.

Florence Mayor Eddie Frost said his city has already contributed $4,600 to cover highway consulting fees, following an initial payment of $75,000 by Huntsville.

Federal funding remains a major hurdle. Seven mayors from north Alabama met in Montgomery on Wednesday with Gov. Guy Hunt and King, who both pledged support.

Frost said similar commitments are being sought from governors and highway directors in Mississippi and Georgia, and discussions are also being held with officials in Tennessee.

The proposed interstate is expected to provide a vital link for high-technology industry that is being developed throughout north Alabama, particularly NASA's advanced solid rocket motor plant being built near Iuka, Miss.

The next step will be to include the project in next year's federal Highway Act. Congress will consider the act this year, and money from the Federal Highway Trust Fund would become available after October 1991.

Construction on the interstate has been estimated to take 10 years to complete.

Members of the North Alabama Mayors Association campaigned for the project in Washington last month.

"We think that when we get all the states to sign off on it, we'll be able to get it included on the bill," Frost said.

Members of Alabama's congressional delegation introduced legislation in both chambers last August urging that the new Memphis-to-Atlanta interstate be included in the 1991 Highway Act.

State of Tennessee

NED McWHERTER
GOVERNOR

September 24, 1990

The Honorable John Paul Hammerschmidt
Committee on Public Works and Transportation
2110 Rayburn House Building
Washington, D.C. 20515-0403

Dear Congressman Hammerschmidt:

As Governor of Tennessee, I would like to express my appreciation for your willingness to examine the feasibility of constructing a new segment of interstate highway that might serve to assist the economic development of Arkansas, Mississippi, Alabama, Georgia and Tennessee.

Currently in Tennessee we are in the midst of the most aggressive road construction program in our State's history. A major priority of this road program is the widening of Highway 64 that connects Memphis and Chattanooga. I chose to undertake this project as a means of improving the distribution network of several rural counties. This commitment already has resulted in the location of several new industries to an area that historically has suffered in high unemployment.

The same reasons support the consideration of a new interstate segment that could further enhance the economic competitiveness of our region. As your Committee examines this proposal, I will be glad to offer any assistance needed in support of this project.

Again, I appreciate your interest in the progress of our region.

Sincerely,

Ned McWherter

JOHN S. WILDER
LIEUTENANT GOVERNOR
SUITE G-18
LEGISLATIVE PLAZA BUILDING
NASHVILLE, TENNESSEE 37243-0235
TELEPHONE (615) 741-2368

TENNESSEE
SENATE CHAMBER

EAST COURT SQUARE
SOMERVILLE, TENNESSEE 38068
TELEPHONE (901) 465-4647

May 16, 1990

Mr. J. E. Mitchell, Jr.
President
Mitchell and Mitchell, Inc.
P. O. Box 524
Huntsville, Alabama 35804

Dear Mr. Mitchell:

Thanks for your letter of May 7. I enjoyed visiting with your group. You have a bold, adventurous project. I believe you can make it work.

It is especially to the advantage of Mississippi and Alabama that this corrider be developed. Tennessee is deeply grateful that you are willing for a portion of it to go to our state. As I said in the meeting, this must come from Washington.

I don't know how much influence the Lieutenant Governor can have in this regard. I do think that the Governor and the Department of Transportation in the State of Tennessee must be involved. I stand ready to cooperate with you fully.

With kindest regards, I am

Yours very truly,

John S. Wilder

JSW:deb

CC: Rep. Robb Robinson
Mr. Allan Neal
Mr. Jimmy Daniel
Senator Ed Davis
Rep. Rob Stallings
Mayor Richard Hackett
Mr. Tom Green, Sr.

TO [illegible] FROM [illegible] DATE [illegible]
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**STATE OF MISSISSIPPI**

OFFICE OF THE GOVERNOR
RAY MABUS
GOVERNOR

October 5, 1990

Honorable Norman Mineta
Chairman, Subcommittee of House Public Works
and Transportation Committee
Fort Smith, Arkansas

Dear Congressman Mineta:

The purpose of this letter is to restate my support for the proposed Tennessee Valley Interstate Highway connecting two of the South's largest and fastest growing metropolitan communities: Atlanta and Memphis. We believe that the proposed corridor would significantly enhance the future growth potential of Northwest Georgia, North Alabama, Northeast Mississippi, and Southwest Tennessee.

From our State's prospective, Northeast Mississippi represents one of the fastest growing commercial regions in Mississippi and the Deep South. Northeast Mississippi has become the upholstered furniture capital of the world and is home to some of the largest manufacturing and industrial companies. Northeast Mississippi was recently selected for the location of the new NASA Advanced Solid Rocket Motor plant to be constructed near Iuka, Mississippi, virtually along the route of the proposed interstate. The addition of this new facility will create a space research and development corridor linking Huntsville to Iuka.

I believe that the proposed interstate will enhance the existing and future economic vitality of the area traversed by the highway, and I strongly encourage your consideration of this effort. If I may provide any additional information please contact me at your convenience.

Sincerely,

RAY MABUS
Governor

RM:es

POST OFFICE BOX 139, JACKSON, MISSISSIPPI 39205, 601 359 3100
FAX 601 359-2813

City of Memphis
TENNESSEE

RICHARD C. HACKETT
MAYOR

March 14, 1990

Mr. J. E. Mitchell, Jr.
President
Mitchell & Mitchell, Inc.
P. O. Box 524
Huntsville, Alabama 35804

Dear Mr. Mitchell:

It was indeed a pleasure to meet with you, May Hettinger, and the other members of the delegation from Huntsville. There is no question that transportation has been a key in the evolutionary process of Memphis becoming the distribution center of Mid-America.

I commend you for your foresight in identifying the corridor between Atlanta and Memphis, linking the three MSA's in north Alabama and thus providing more impetus to the economic growth of the entire corridor. I have asked our transportation planners to carefully monitor the work you are doing and am hopeful of the opportunity in the near future to more tangibly express my support for this interstate transportation link.

I hope you will continue to keep me informed as you proceed with your plans to work with our elected representatives in the Congress of the United States, and as opportunities arise for involvement by myself and others in the Memphis area.

Sincerely,

Dick Hackett

Richard C. Hackett

RCH:gb

cc: Mr. Clark Odor

# CITY OF ATLANTA

MAYNARD JACKSON
MAYOR

CITY HALL
55 TRINITY AVENUE, S.W.
ATLANTA, GEORGIA 30335-0300
(404) 330-6100

5 October 1990

Mr. Leon N. Larson, Regional Administrator
Federal Highway Administration
1720 Peachtree Road, Suite 200
Atlanta, Georgia 30367

Dear Mr. Larson:

We have reviewed a proposal by the City of Huntsville for a Tennessee Valley interstate highway economic development corridor. We support the concept of a highway that would stimulate economic development in this corridor. We would welcome an opportunity to explore the feasibility of such a highway.

We appreciate your consideration.

Yours for Atlanta,

Maynard Jackson

Maynard Jackson

MHJ/aw

cc: Mayor Steve Hettinger
Mr. J. E. Mitchell, Jr.

RESOLUTION

WHEREAS, North Alabama is headquarters for the Army Missile Command at Redstone Arsenal where the Space Defense Initiative and other Army sophisticated missile weapons systems are conceived, designed, contracted for, deployed and maintained; home for NASA's Marshall Space Flight Center where our country's exploration into space began and continues; where several Fortune 500 hi-tech companies have been spawned; where all major aerospace firms have substantial facilities and personnel; and where eductional and cultural activities abound; and

WHEREAS, economic growth has extended east and west along the banks of the Tennessee River, the Valley's first transportation system, supporting such industrial giants as Monsanto, Amoco, Champion Paper, Wolverine Tube, 3M, General Motors' Saginaw Division, Reynolds Aluminum, Chrysler's Acustar, GE, Fruehauf, and others; and

WHEREAS, the national defense, federal, state and local governments and the public convenience and necessity now require the communities of North Alabama and the Tennessee Valley be served by the National Defense Highway Transportation System (Interstate Highway System) connecting Huntsville, Alabama with Memphis, Tennessee, Atlanta, Georgia and Chattanooga, Tennessee in order to meet interstate and inter-regional highway travel needs:

NOW, THEREFORE, BE IT RESOLVED that the North Alabama Mayors Association advocate and support the development of an interstate highway from Memphis to Huntsville to Atlanta and from Huntsville to Chattanooga.

ADOPTED this 20th day of January, 1989.

NORTH ALABAMA MAYORS ASSOCIATION

BY: Buel T. Springer
Buel T. Springer, President

STATE OF ALABAMA, *
CHEROKEE COUNTY, * RESOLUTION
CITY OF CENTRE. *

WHEREAS, the City of Centre has considered a proposal to construct an interstate highway from Memphis, Tennessee, to Atlanta, Georgia, which would extend through the northern part of the State of Alabama, and

WHEREAS, the City of Centre has determined that the construction of this highway would constitute a substantial boost to the economy and climate of growth in our area.

BE IT THEREFORE RESOLVED by the City of Centre that it publicly endorses the proposed highway project and the organization agrees to use its best efforts to support and promote the project.

Adopted this 10th day of October, 1989.

Jeff A. Johnson, Mayor

Councilmember

Councilmember

Councilmember

Councilmember

Councilmember

Councilmember

CITY OF CENTRE
401 EAST MAIN STREET
CENTRE, ALABAMA

STATE OF ALABAMA *
CHEROKEE COUNTY, * RESOLUTION
CITY OF CENTRE. *

WHEREAS, the Centre Inustrial Development Board has considered a proposal to construct an interstate highway from Memphis, Tennessee, to Atlanta, Georgia, which highway would extend through the northern part of the State of Alabama, and

WHEREAS, the Centre Industrial Development Board has determined that the construction of this highway would constitute a substantial boost to the economy and climate of growth in our area.

BE IT THEREFORE RESOLVED by the Centre Industrial Development Board that it publicly endorses the proposed highway project and the organization agrees to use its best efforts to support and promote the project.

Adopted this 6th day of November, 1989.

J. W. Hampton, Chairman

H. Dean Buttram, Sr.

Robert Upton

Ruth Wright

John H. Ellis

Noah Dobbins

Bob Minnix

CITY OF CENTRE
INDUSTRIAL DEVELOPMENT BOARD

City of Rome
Georgia

P.O. BOX 1433
ROME, GEORGIA 30163-0501

R E S O L U T I O n

WHEREAS, A new East-West Highway to run from Atlanta to Memphis, Tennessee is being considered; and

WHEREAS, This highway would provide a much needed transportation corridor across northern Georgia, Alabama, Mississippi and southern Tennessee; and

WHEREAS, The City of Rome desires that this new highway be designed to come through Rome and Floyd County; and

WHEREAS, The City of Rome supports the effort to see this project come to fruition; and

WHEREAS, This highway project will be a part of the proposed National Transportation Act of 1991;

NOW, THEREFORE BE IT RESOLVED that the City of Rome totally supports the concept of the new East-West Highway to be routed through Floyd County.

This the sixth day of November in the year of Lord, one thousand nine hundred eighty-nine.

Martin H. Mitchell, Chairman
ROME CITY COMMISSION

Branson Gayler, City Clerk

## RESOLUTION

WHEREAS, the economic welfare, the opportunity and ability to compete in today's domestic and global market, and the interstate and interregional needs now require that we have an East/West Interstate Highway System from Atlanta to Memphis, Tennessee; and,

WHEREAS, this Highway would provide a much needed transportation corridor across North Georgia, Alabama, Mississippi and southern Tennessee which would promote economic growth throughout the area; and,

WHEREAS, the demands of commercial and industrial activities cannot be met without appropriate connections to the Interstate Highway System and we endorse the designed route through Rome and Floyd County.

NOW, THEREFORE, BE IT RESOLVED that the Floyd County Board of Commissioners wish to express their complete support for the Tennessee Valley Interstate Highway economic development corridor with the proposed route designed through Rome and Floyd County.

This the 14th day of November, 1989.

FLOYD COUNTY BOARD OF COMMISSIONERS

BY: John B. Dickey

JOHN B. DICKEY, CHAIRMAN

ATTEST:

Sue Broome

SUE BROOME, CLERK

RESOLUTION NO. 90-1

A RESOLUTION PROMULGATING THE PURSUIT OF AN INTERSTATE HIGHWAY SYSTEM CONNECTING HUNTSVILLE AND MEMPHIS WITH ATLANTA AND CHATTANOOGA.

WHEREAS, The Top of Alabama Regional Council of Governments is deeply involved with economic and job development for the people of Limestone, Madison, Jackson, Marshall and DeKalb Counties; and,

WHEREAS, Business and industry require access to modern four-lane roads with limited or controlled access as a condition to initially locating or expanding their job-creating enterprises; and,

WHEREAS, The National Interstate and Defense Highway system was not initially designed to serve Huntsville because it did not meet the criteria of having 50,000 or more people and/or the presence of a major military installation; and,

WHEREAS, The City of Huntsville now has a population estimated to be approximately 200,000 in population and Redstone Arsenal together with the Marshall Space Flight Center of the National Aeronautics and Space Administration - thereby making Huntsville eligible under two separate criteria for Interstate service; and,

WHEREAS, The Interstate Highway system is due for completion in 1991 and it is appropriate that an extension of this road system be developed for the future;

NOW, THEREFORE, BE IT RESOLVED by the Top of Alabama Regional Council of Governments that it endorses the following:

1. That an Interstate Highway be developed along a corridor from Memphis, Tennessee through Huntsville, Alabama to Atlanta, Georgia.

2. That the above proposed Interstate Highway System be accomplished in part, by upgrading to Interstate standards the Appalachian Development Highways designated as Corridor "W" leading in a sourtherly direction from Memphis to its intersection with Corridor "V"; and similiarly upgrading Corridor "V" to interstate standards in its entirety leading from its intersection with Corridor "W" in an easterly direction through Huntsville to the termination of Corridor "V" at Interstate 20 near South Pittsburgh, Tennessee.

3. That the Interstate Highway System corridor proposed in paragraph 1. above join Huntsville directly with Atlanta.

BE IT FURTHER RESOLVED that the Top of Alabama Regional Council of Governments hereby modifies any of its plans as may be necessary to reflect the above objectives.

ADOPTED this 25th day of January, 1990.

Sid Holcomb
Sid Holcomb, President

ATTEST:

Leo Turner Jr
Leo Turner, Jr., Secretary

RESOLUTION

WHEREAS, the Northwest Alabama Council of Local Governments is made up of the five counties of Colbert, Franklin, Lauderdale, Marion and Winston and the municipalities therein, and;

WHEREAS, the NACOLG Board of Directors is made up of the chief-elected officials of each of these counties and municipalities, and;

WHEREAS, it is the primary purpose of the Northwest Alabama Council of Local Governments and its Board of Directors to gain or retain the services which would be most beneficial to the region as a whole, and;

WHEREAS, it has been determined that Northwest Alabama would benefit greatly from the development of interstate highways connecting Northwest Alabama with Memphis, Atlanta and Chattanooga which would meet the interstate and inter-regional highway travel needs of the Tennessee Valley.

NOW, THEREFORE BE IT RESOLVED that the Northwest Alabama Council of Local Governments Board of Directors does hereby endorse and support the development of these interstate highways.

APPROVED AND ADOPTED this 27th day of July, 1989.

E. T. Sims Jr

E. T. Sims, Jr., Chairman

Charles Thompson

Charles Thompson, Chairman, MPO

ATTEST:

Jay Pace-Isom

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902

John B. Waters
Director

FEB 15 1991

Mr. J. E. Mitchell, Jr.
Project Coordinator
Mitchell & Mitchell, inc.
P.O. Box 524
Huntsville, Alabama 35804

Dear Ed:

I appreciate your January 7 letter pertaining to the Memphis-Huntsville-Atlanta interstate project.

We believe that the proposed route would be an asset to the Tennessee River Valley and will greatly improve access to the potential industrial, commercial, and other development along this 200-mile reach of the Tennessee River. We like the concept and are willing to work with appropriate entities as the project progresses in addressing specific TVA interests.

Hope to see you again soon.

Sincerely,

John B. Waters

**TENNESSEE-TOMBIGBEE Waterway Development Authority**

DONALD G. WALDON, Administrator

POST OFFICE DRAWER 671 • TELEPHONE 601/328-3286
COLUMBUS, MISSISSIPPI 39703

May 22, 1989

Mr. J. E. Mitchell, Jr., President
MITCHELL & MITCHELL, INC.
P. O. Box 524
116 Holmes Avenue, N. E.
Huntsville, AL 35804

Dear Ed,

I appreciate receiving your letter of May 16, announcing your involvement in securing authorization of a new interstate highway connecting Huntsville with Memphis and Atlanta.

We are on the same wave length. I am also very interested in making sure this region begins the necessary preparations to influence any Congressional legislation that develops from the reauthorization of the Interstate Highway Act in 1991. The 1989 Tennessee-Tombigbee Development Opportunities Conference at which you spoke last year will include a presentation by Mr. Norman Wuesterfeld, Executive Vice-President of Wilbur Smith Associates of New Haven, Connecticut on "Expansion of the Interstate and Toll Road Systems."

Without doubt the greatest deterrent to continued industrial development of the so-called Tenn-Tom region is the lack of a modern highway system. You may be assured that the Authority fully supports any action that will lead to improvements of our land transportation system.

Please let me know whenever we can be of any assistance to you and your efforts in this regard.

Sincerely,

Donald G. Waldon
Administrator

DGW/az

cc: Honorable Tom Bevill
Mrs. Jan Jones

**Resolution in Support of the
Development of the Tennessee Valley
Interstate Highway Economic Development Corridor**

WHEREAS, the hospitality and travel industry of North Alabama and the South now requires the communities of North Alabama be served by an interstate highway connecting Huntsville, Alabama; with Memphis, Tennessee; Atlanta, Georgia; and Chattanooga, Tennessee in order to fulfill the public convenience needs of the intrastate, inter-regional and interstate traveler; and

WHEREAS, the Alabama Mountain Lakes Association desires to maximize the economic and social impacts of the hospitality and travel industry in Northern Alabama as a means of furthering the general welfare of our citizens by increasing the number of people who travel into our region and extending the length of their stay here; and

WHEREAS, the numerous travel attractions, recreational amenities and lodging and meeting facilities of North Alabama would be a more convenient location for business meetings and conventions as well as an attractive source of heritage, recreation, education and relaxation for the populas to the east and west;

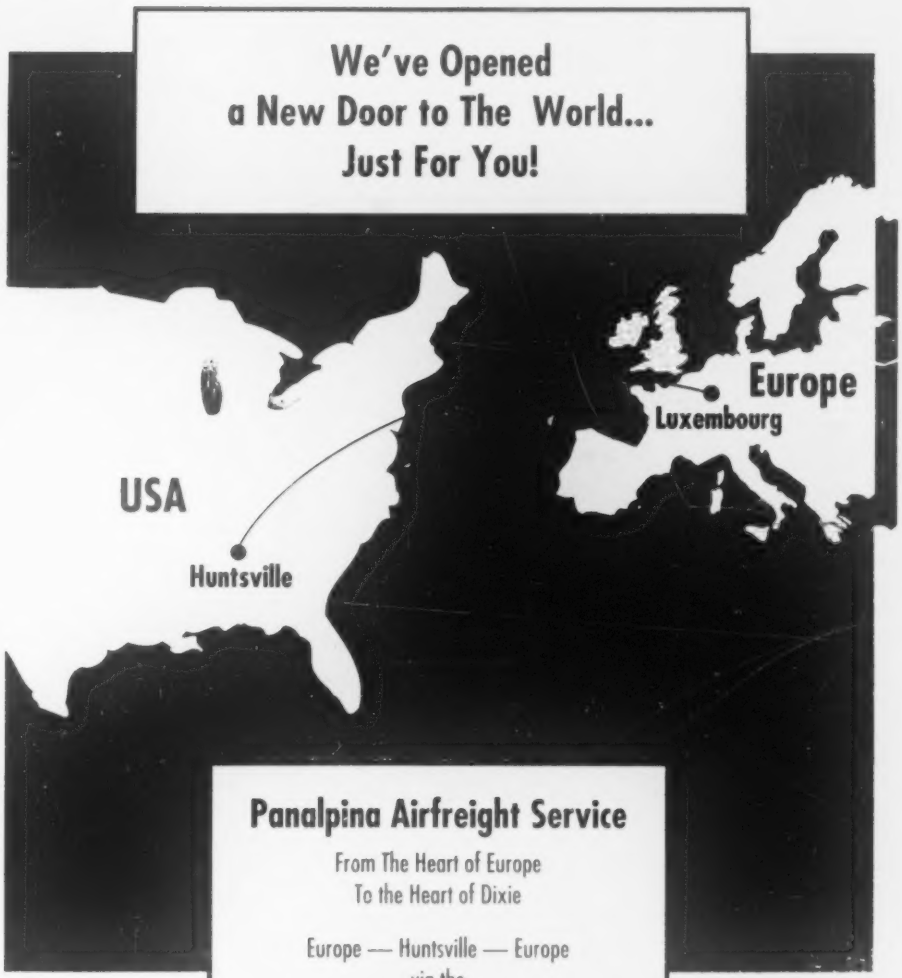
THEREFORE, Be It Resolved, that the Alabama Mountain Lakes Association advocates and supports the development of the Tennessee Valley Interstate Highway Economic Development Corridor with the proposed route through North Alabama.

ADOPTED this 25th day of April, 1990.

Attest:

Larry Bennich, President

Jaton Meyer, Secretary

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Testimony of

**BEN M. HOGAN**

on behalf of

The Arkansas Chapter of

The Associated General Contractors of America

---

Presented to the

Field Hearing on the Reauthorization of the

Federal Surface Transportation Assistance Act

---

on the Topic of Reauthorization of

The Nation's Surface Transportation Programs

April 22, 1991

Fort Smith, Arkansas

Mr. Chairman, Ladies and Gentlemen. I am Ben M. Hogan, a contractor from Little Rock, Arkansas. Today I represent the Arkansas Chapter of the Associated General Contractors of America and also the National Office of the Associated General Contractors of America. I have served as President of the Arkansas Chapter and am currently serving on the Highway Committee, which I chaired for thirteen years. At the national level, I was President and also chaired for three years on the Joint Committee with ASSHTO, ARTBA, and AGC, and am still a member of the Executive Committee of the Joint Committee. The Arkansas Chapter has 94 contractor members and 201 affiliated members engaged in the contracting business of Arkansas. The remainder is performed primarily by out-of state contractors who are mostly members of other AGC chapters. AGC is a National Trade Association of more than 32,500 firms, including 8,000 of America's leading general contracting firms. They are engaged in the construction of the nation's commercial buildings, shopping centers, factories, warehouses, highways, bridges, tunnels, airports, water works facilities, dams, water conservative projects, defense facilities, multi-family housing projects, and site preparation/utilities installation for housing development.

AGC appreciates the opportunity to express its views on issues facing the nation in surface transportation. AGC believes this nation must increase investment in its surface transportation infrastructure to provide the foundation for continued economic prosperity and international competitiveness.

AGC is also concerned that this country is in a recession and that steps must be taken immediately to stimulate the nation's economy and create jobs.

The construction industry lost 498,000 jobs in the ten month period from May, 1990 to March, 1991, and construction unemployment rose from 13.0 percent in February, 1990 to over 21 percent in February of 1991. This compares with a total U.S. unemployment rate of 5.8 percent in February, 1990 and 7.2 percent in February, 1991.

Clearly, this is a critical problem that needs to be addressed. AGC believes the reauthorization of the nation's surface transportation programs can play a significant role in bringing the nation out of the recession and provide the long term framework to promote needed investment in our nation's transportation infrastructure.

With the nation in a recession, AGC believes the economic benefits of infrastructure investment are particularly worthy of note. Unlike many government expenditures, infracture spending is an investment which has short and long term benefits.

The short term benefits of infrastructure investment are increased construction employment and the ripple effect of induced economic activity in other industries that follows. The U.S. Department of Commerce estimates:

> . Each additional $1 billion spent on new construction creates 46,800 jobs in construction, supply and service industries. A $25 billion highway program sustains nearly 1.2 million jobs.
>
> . Each $1 billion spent on new construction in the United States generates $3.62 billion in economic activity across all industries and services. A $25 billion highway program generates $90.5 billion in economic activity throughout the country.

These statistics show that at a time when construction industry unemployment looms at over 21 percent, and unemployed construction workers account for 14 percent of the nation's unemployed, increased spending for the nation's surface transportation programs couldn't be more critical.

The long term benefits of infrastructure investment have also been well documented over the past several years. The research of Dr. David Aschauer has established a critical link between infrastructure investment and productivity by comparing the infrastructure investment levels of the major industrialized nations and their productivity. Based on Dr. Aschauer's research, this nation needs to invest more in infrastructure to maintain productivity and global competitiveness now and in the future.

As the 102nd Congress gets underway, we applaud this Subcommittee for scheduling these hearings and getting on with the important task of reauthorizing the nation's highway and mass transit programs. AGC is also very encouraged that President Bush and Transportation Secretary Skinner have placed transportation as a top priority of the Administrations's domestic agenda.

We commend you Mr. Chairman, and the leadership of the House Public Works and Transportation Committee for taking the initiative earlier this year to propose an aggressive, 5 year, $153 billion, budgetary framework for the future funding of our nation's surface transportation programs.

AGC believes the Committee budget request is on the right track to improve and expand the efficiency of our nation's highway and bridges and make a substantial federal commitment towards addressing documented annual highway capital needs of all levels of government of $58.5 billion. It can also make a critical difference in the state of the U.S. economy, now and in the future.

Therefore, at our recent Convention, AGC unanimously adopted a Convention resolution in support of the House Public Works Committee's budget proposal. Consistent with our policy to increase highway investment, AGC will continue to:

1. Urge a draw down in the trust fund balance;
2. Support a recapturing of the 2 1/2 cent gas tax lost to the general fund last year; and
3. Support an increase in the gas tax to address unmet highway needs.

The Committee can count on our continued support and cooperation as you develop the details of the Committee's reauthorization proposal.

In preparation for the reauthorization of the Federal Surface Transportation Programs in 1991, AGC undertook a policy development initiative in 1988 which is ongoing. Recognizing that construction of the interstate highway system will be essentially complete in the early 1990's, America is at a crossroads with regard to its future transportation policy. AGC's policy development effort has focused on those surface transportation issues which will continue to be important to the nation into the 21st century.

Following is a discussion of some of the major policy recommendations which AGC has adopted to guide our efforts in working with the Administration and the Congress to develop new surface transportation legislation.

## TRANSPORTATION'S ROLE IN ECONOMIC DEVELOPMENT

AGC believes that transportation infrastructure is at the very heart of what makes this country thrive and prosper. Over the past 30 years the gross national product of this country has grown over 1,000 percent, nearly double the increase of the previous 30 year period in our history. Several factors account for this growth.

One factor, highway development stands out above all others. America has grown and prospered from the mobility provided by the nation's highway transportation system, in general, and specifically the Interstate Highway System, which was started in 1956. A look at the role of our highway system in our economy will show the magnitude of its effect on current and future economic development.

- 89.5 percent of all personal travel is on highways;
- 82 percent of all freight revenues are carried on highways; nearly every product manufactured or consumed in this country is, for a portion of its journey from production to market, carried by truck; and
- 85 percent of America's workers commute to work by private vehicle.

Clearly, highways play a vital role in our economy. No commercial, industrial, retail, or residential development would have been built in a location that did not provide for an adequate highway system to support it.

As development patterns have changed, highways have played an even more important role in this country. Development over the past 20 years has shifted substantially to suburban growth centers. Suburban employment currently accounts for 50 percent of metropolitan jobs, 47 percent of all job destinations, and 67 percent of all job growth in this country. America is increasingly working in commercial buildings, industrial complexes, and shopping centers in suburban areas. None of these suburban developments would have been possible without an adequate highway transportation system serving them.

Increasingly, communities around this country are recognizing the critical link between highways and economic development. Phoenix has undertaken a multibillion dollar road development program designed to support the area's rapid economic development. A critical factor in the tremendous growth in the suburban Washington, D.C. area of Fairfax County, Virginia, has been access to highway transportation. This same link between highways and building is being played out in growth areas across the country.

Unfortunately, some tend to take our highway system for granted. Indeed, like other aspects of our nation's infrastructure, some rarely acknowledge the vital role that highways play in their daily lives, until the highway system breaks down.

There are already signs that our highway system is wearing out. The tremendous highway investment made over the past 35 years has been a great success. Our highway network has carried traffic far beyond its design life, as Americans have enjoyed the rewards of mobility unknown to most of the rest of the world. This success, however, has taken its toll as we fail to adequately reinvest in our highway system. Many portions of the Interstate systems are in need of repair and reconstruction; nearly 50 percent of the nation's bridges are structurally deficient or obsolete; and congestion on urban freeways is increasing at an alarming rate.

A central question facing the Congress is how to ensure adequate investment in the nation's transportation infrastructure to meet current and future demands for economic growth. AGC believes that this nation is seriously underinvesting in its transportation infrastructure, at a great cost to the nation in lost productivity, jobs, and international competitiveness. The nation's transportation system is the arterial system by which the country, both public officials and private citizens alike, continue to ignore the construction and rehabilitation of this nation's highways and the congestion in the nation's airports and airways, our nation will pay many times over in lost economic opportunity now and in the future.

AGC is joined by a number of others in a concern for the state of the nation's infrastructure. There is clear and convincing evidence that our abysmally deficient investment in infrastructure is having a negative effect on the future of the

nation's economy. The National Council on Public Works Improvement (NCPWI) identified the current lack of infrastructure investment as an issue approaching crisis proportions. In its final report entitled "Fragile Foundations", the NCPWI concluded that the quality of America's infrastructure is barely adequate to fulfill current requirements and insufficient to meet the demands of the future. A major recommendation contained in the NCPWI final report is a call for a national commitment, shared by all levels of government and the private sector, to increase capital spending for infrastructure by as much as 100 percent above current levels.

The Rebuild America Coalition, an organization of 64 public and private associations dedicated to infrastructure investment, published a study in March of 1988 entitled "Increasing Infrastructure Investment: Making America's Economy Competitive Again". That study examined the historic role of infrastructure investment in promoting economic growth and the adverse economic effects of the disinvestment in infrastructure which has taken place over the past 20 years.

A strong link between public works investment and America's productivity and international competitiveness has been drawn by economist Dr. David Aschauer, formerly with the Chicago Federal Reserve Bank. In his research, Dr. Aschauer studied the productivity and public investment levels of seven major industrialized nations -- the United States, Japan, West Germany, Canada France, Italy, and the United Kingdom.

The results of Aschauer's research indicate that nations with the highest savings and investment also have the highest productivity. He concludes that "Public investment, by directly raising productivity as well as by promoting private investment, works doubly hard in enhancing our worldwide competitive position". Last year, 227 economists, including six Nobel Laureates, called upon the Congress and the President to increase public investment noting the crucial link between that investment and the productivity needed for a competitive edge.

In as much as transportation is a major component of the nation's infrastructure, AGC believes that the NCPWI findings and the research work of the Rebuild America Coalition and Dr. Aschauer lend strong support to our advocacy of increased transportation capital investment to keep America's economy strong.

AGC RECOMMENDATION:

AGC urges the federal government to assume the necessary leadership role to promote adequate transportation capital investment by all levels of government.

## SURFACE TRANSPORTATION NEEDS AND FUTURE FUNDING

Statistics show that U.S. spending on public works projects has declined significantly as a percentage of total governmental expenditures. In 1950, 19.1 percent of government expenditures went to public works, by 1984, the figure dropped to 6.3 percent. This comes at a time that U.S. motorists experienced over 700 million hours of delay on highways -- wasting nearly 3 billion gallons of gasoline as a result. The projected congestion of 3.9 billion hours of delay by 2005 is staggering.

The most in-depth analysis of highway needs was performed in 1988 by the American Association of State Highway and Transportation Officials (AASHTO). In their report entitled "The Bottom Line" -- A summary of the Surface Transportation Investment Requirements 1988-2020", AASHTO identified annual highway capital investment needs, by all levels of government, of up to $58.6 billion between now and the year 2020. This compares with highway capital spending in 1987 of only $31 billion.

With respect to mass transit needs, AASHTO's Bottom Line report identified annual capital investment requirements of up to $3.4 billion. Currently, capital investment in transit is just over $2.1 billion annually.

AGC RECOMMENDATION:

AGC applauds the work of AASHTO as part of the Transportation 2020 program and encourages the Subcommittee to consider AASHTO's needs assessment in addressing future surface transportation funding.

## THE CURRENT PROGRAM -- MODEL CONCEPTS FOR THE FUTURE

The challenges facing this country in transportation are immense but not insurmountable. The federal programs support-

ing the nations's surface transportation are basically sound providing a solid framework to address the challenges of the future. As the Subcommittee considers the future surface transportation legislation, AGC believes there are a number of important concepts of the current program which are critical to the success of surface transportation programs in the future. They include:

. User Fee - Trust Fund Concepts - The critical element which has led to the success of the Federal-aid highway program is the user fee financed trust fund mechanism which is used to support them. The trust fund concept has long been recognized as a reliable and stable financing mechanism for infrastructure investment. As early as the 1920's, several states had developed dedicated, user-fee mechanisms to support highway improvement programs in their states.

By 1956, the year the Interstate Highway Program was initiated, some 25 states had instituted trust funds or similar dedicated funding sources for their highway programs. Using these successes as a model, the Interstate Highway Program was developed around the user-fee trust fund concept. That financing mechanism has served this country well for nearly 35 years, supporting the nation's highway program and the development of the world's greatest public works project -- the Interstate Highway System.

Several key features of the trust fund are largely responsible for its success. First, it is user-fee financed -- the nation's highway transportation system is paid for only by the user. The more you use the system the more you pay. The public support for the highway program has remained strong primarily because the traveling public receives a direct benefit from the money it pays in user fees.

Another key aspect of the trust fund is that it provides a stable and reliable financing mechanism on which a successful major capital investment program must depend. A typical highway project may take 7 to 10 years from the planning stage to completion. Proper planning for the transportation needs of the future requires that a dependable source of revenue will be available to finance the needed improvements when they are ready for construction. The multi-year authorization process and contract authority are critical ingredients to permit for this long term planning and assure the highway program's success.

From the budgetary standpoint, perhaps the most critical feature of the trust fund is the Byrd Amendment which assures its solvency. The amendment provides that on an annual basis, there is a determination of the outstanding obligations and current balance and expected receipts of the trust fund. This information is used to guarantee that future commitments against the trust fund can be honored.

**AGC RECOMMENDATION**

AGC recommends the Congress continue the concept of a user fee financed trust fund to support the nations's Federal-aid highway program.

- Maintain the Gas Tax for Transportation Purposes: - AGC strongly opposes any diversion of fuel taxes to purposes other than transportation. As discussed previously the transportation needs of this country are so great, that we cannot afford to divert this revenue source to other government spending. AGC supports an increase in the gas tax if it is dedicated solely to improving the nation's highways and bridges. AGC believes that the 2.5 cents now going to the general fund for deficit reduction should be placed in the Highway Trust Fund and used for needed highway and bridge improvements.

In a related issue, AGC believes the Congress should eliminate the fuel tax exemption for gasohol. Purchasers of gasohol, like other highway users, should pay their fair share of the costs of construction and rehabilitation of the nation's highway system. However since gasohol users pay only one-third of the normal 14 cent per gallon gas tax, they are being subsidized by other highway users. Last year, the gasohol subsidy cost the Highway Trust Fund nearly $500 million.

AGC believes that energy independence and clean air are worthy goals, but not at the expense of the nation's highway program. If the gasohol industry truly needs a tax incentive to compete in the marketplace, then other subsidies should be considered by the Congress. The entire nation will benefit from cleaner air and energy independence therefore, AGC believes the general taxpayer, not the na-

tion's highway program, should bear the responsibility to subsidize the gasohol industry.

**AGC RECOMMENDATION**

AGC strongly urges the Congress to reject any further proposal to increase the gasoline tax for deficit reduction or non-transportation spending. AGC further urges the Congress to place the 2.5 cents now going to the general fund for deficit reduction in the Highway Trust Fund to be used for much needed highway and bridge improvements. AGC supports Congressional efforts to increase funding for the nation's highway program through spending down the trust fund balance, increasing highway user fees, and elimination of the tax exemption for gasohol.

. The Open Competitive Bidding System - The open competitive bidding system has long been the cornerstone of the effective administration of public funds in construction contracts. The nation's highway system, as exemplified by the Interstate system, is an outstanding example of the success of this bidding system. Across this nation, the traveling public utilizes a highway system that was built to quality standards and the public has been assured, through open competition with award to lowest responsive and responsible bidder, that they were obtaining this quality product at the lowest cost to the taxpayer.

AGC believes that the open competitive bidding system remains the single most effective means of contracting for highway construction. In instances where concerns about contractor performance arise, there currently exists a number of steps which can be used by State transportation officials to assure a quality project. These steps include:

1. Prequalification;
2. Improved Plans and Specifications;
3. Prebid Conferences;
4. Adequate Inspection; and
5. Preconstruction Conferences

AGC believes these steps, in conjunction with open competitive bidding, assures the taxpaying public of the highest quality project at the lowest possible price and the construction contractor of fairness and integrity in the selection process.

AGC RECOMMENDATION

AGC strongly urges continuation of the time-tested, open competitive bidding system -- with contracts publicly advertised, bids publicly received and read aloud, and contracts awarded to the lowest responsive and responsible bidder -- as the means of contracting for federally-assisted highway construction.

. Equitable Distribution of Funding - AGC recognizes that one of the most difficult challenges of developing future highway legislation will be devising equitable formulas for the distribution of funding. While the current formulas may not be viewed by all states as equitable, AGC believes that two concepts contained in the current program assure all states a certain level of equity. They are the one-half percent minimum apportionment and the 85 percent minimum allocation provisions.

AGC acknowledges that these provisions may have to take a different form in the future program since certain categories of funding are likely to be revised. However, AGC endorses the overall concept of guaranteeing small and rural sates a minimum level of total federal funding to support their highway programs. AGC equally endorses the concept of guaranteeing a minimum level of return of trust fund contributions to states which, through the formula process, receive significantly less in apportionments than they contribute in user fees.

AGC RECOMMENDATION

AGC recommends a continuation, in future legislation, of the concepts of a guaranteed level of federal funding to small and rural states, as well as a guaranteed minimum return of trust fund revenues to donor states which contribute significantly more in user fees than they receive in apportionments.

CURRENT PROBLEMS -- A LOSS OF PROGRAM EFFECTIVENESS

While the current program has generally worked well, there are a number of policies which are having an adverse effect on the overall program effectiveness. The most damaging policies are occurring as part of the budget process which prevents the

timely expenditure of highway user revenues for their intended purpose. No less troublesome, however, are several other aspects of the program which compromise the cost effectiveness of the program. The problem areas include:

. Budgetary Treatment of the Transportation Trust Funds

While the trust fund mechanism has worked well in funding transportation programs, the current budget process inhibits the expenditure of the trust fund receipts for their intended purpose. AGC views the trust fund and the highway program in the context of an ongoing capital investment program which should be subject to different rules than the current budget allows. AGC believes the manner in which the transportation trust funds are treated in the budget process needs to be modified.

As mentioned previously, the highway program is founded on the basis of multi-year authorizations for highway investment. The process recognizes that when a highway project is approved and let for contract, it may be 3 or more years before the final reimbursement for the project will be made to a state and the construction contractor paid in full for the work. For this reason, the user fees paid into the Highway Trust Fund are kept in force for 3 years beyond the final authorization in any highway legislation. This provides the necessary financing for the project at the time the bills need to be paid. Without other artificial spending restraints such as obligation ceilings, the trust fund can support the highway program with a relatively low cash balance of approximately $2 to $3 billion.

The budget problems which have faced this country since the late 1960's, however, have had a detrimental effect on the ability of the federal government to let the trust fund work in the manner in which it was intended. Since 1969, artificial spending restraints have caused the Highway Trust Fund balance to grow dramatically to a current balance of over $15 billion including the mass transit account.

A first step in addressing this issue would be to expend the trust fund balances for their intended purposes. Since the trust fund receipts can be used for no other purpose than transportation, bankrolling these trust funds is not only a breach of faith with the transportation users of this country, but is merely postponing work that should be done

now to prevent more costly repairs later. A longer term solution to this issue is to take the trust funds out of the unified budget. These programs have not contributed to the deficit. The large cash balances are the very proof of that. The user-fee financed transportation programs of this country should be funded at the level their trust funds can support. The receipts should not be loaned to other programs while vital transportation needs of this country are neglected.

AGC RECOMMENDATION

AGC continues to endorse the House Public Works and Transportation Committee's initiatives to take the transportation trust funds out of the unified budget process.

. Special Preference Programs - In conjunction with AGC concerns about preservation of the open competitive bidding system, AGC has an ongoing concern with the continuation of special preference programs within DOT's federally assisted construction programs. Beginning with the Department of Transportation's 1980 Minority Business Enterprise regulations and continuing with the statutory requirements for Disadvantaged Business Enterprise (DBE) participation in the highway, transit, and airport improvements programs which were enacted in 1982 and 1987, AGC is very concerned that the Department's DBE programs are compromising the competitive bidding system.

Although the notion exists that the apparent lack of minority-owned construction firms proves there has been discrimination in the award of public construction contracts AGC believes that the open competitive bidding system by its nature, is race and gender blind. If construction contracts are publicly advertised, bids accepted from all qualified bidders and read aloud publicly, there is no chance that a public agency can discriminate in the award of their contracts.

AGC therefore questions why general contractors should be subjected to requirements that force them to engage in another kind of discrimination which denies individuals subcontracts because they are not a member of a preferred disadvantaged group.

AGC RECOMMENDATION

AGC urges the Congress to sunset the current DBE program which results in the denial of subcontracts to many individuals because of their race, gender, or national origin. Instead, the Congress should explore means of promoting the participation of disadvantaged business enterprises in the Federal-aid highway program that will not be subject to constitutional challenge.

- Highway Program Funding System - Over the past several decades, the highway program has been used as leverage to force compliance with other federal mandates. From highway beautification to clean air, there are currently at least 11 different highway program sanctions ranging from withholding project approval to withholding of highway apportionments which may be imposed. Given the pressing need to adequately fund our nation's highway program, it is counterproductive, at best, to impose highway sanctions on states and jeopardize their ability to meet growing highway needs.

AGC RECOMMENDATION

AGC recommends that the Congress remove the current sanctions and penalties affecting the highway program and explore alternate means to achieve appropriate state compliance.

- Federal/State Roles - As other major changes in the program are considered, it is an opportune time to reassess the current federal/state/local roles in the nation's highway program. AGC believes that the federal/state partnership that has existed in the highway program has generally worked well. AGC believes, however, that a refinement of the federal and state roles should be examined as follows: There is a legitimate role for the federal government to establish national priorities and conduct oversight of federal expenditures. However, AGC believes there has been too much federal intrusion into state decision making and the administration of the highway program.

AGC RECOMMENDATION

AGC recommends the Congress consider a reduced federal role in highway program administration, particularly with respect to project by project decision making, and endorse increased flexibility in program administration by the states.

Funding Flexibility between Highway and Transit Programs

In a related issue AGC is concerned by the provisions in the Administration's bill which would provide state and local governments the flexibility to transfer funding between the highway and transit programs.

AGC continues to believe that revenues placed in the Highway Account of the trust fund must be expended solely for highway improvements. Current revenues are insufficient to meet documented highway needs; allowing the transfer of funds to mass transit projects further exacerbates an already critical funding problem.

AGC RECOMMENDATION

AGC recommends that the Congress reject proposals to provide funding transferability between highway and transit programs to state and local governments.

In closing, AGC acknowledges that the Congress faces a tremendous challenge in balancing interests in the future legislation and stands ready to work with the Congress as it develops solutions to the nation's transportation infrastructure crises.

STATEMENT BY

KEITH JONES

EXECUTIVE DIRECTOR

CENTRAL ARKANSAS TRANSIT AUTHORITY

BEFORE THE

SURFACE TRANSPORTATION SUBCOMMITTEE

OF THE

HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

REGIONAL HEARING ON THE REAUTHORIZATION OF
FEDERAL HIGHWAY AND MASS TRANSIT PROGRAMS

FT. SMITH, ARKANSAS
APRIL 22, 1991

Mr. Chairman,

My name is Keith Jones and I am the Executive Director of the Central Arkansas Transit Authority (CATA). CATA provides public bus service to the Little Rock-North Little Rock urbanized area. We operate 50 peak hour buses on 31 routes. CATA served over 3.2 million passenger trips in 1990, with an operating budget of $4.5 million. On behalf of those riders I am grateful for this opportunity to speak to you and the members of the Subcommittee.

CATA is a member of the American Public Transit Association (APTA) and the South West Transit Association (SWTA). Both organizations have provided testimony to this Subcommittee on the reauthorization bill. While my comments will in some part echo the consensus positions of our public interest groups, I hope to present viewpoints typical of a small-to-medium sized transit system. My fellow panelists are more than competent representatives for the rural and statewide transit networks.

Before we get further into the numbers and the dollars, it is important to note that transit systems provide a very personal service. We take people to work, to school and training, to the doctor, and to shopping centers and grocery stores. The vast majority of our riders have no car available for their travel needs. For many, their life must revolve around where the bus can take them, and when. In our city, that means they must have their travel complete by 6:30 in the evening, and they don't travel at all on Sundays or major holidays. They can only go where they can walk to and from a bus route. I just found an example this week of a man who walks two and one-half miles to an express bus line every day.

Housing choices are limited by where the bus goes.

The reauthorization bill you are addressing must re-evaluate the Federal role in public transportation. From where we sit, that role has been shrinking steadily for ten years. In 1981, the Section 9 appropriation for CATA was $1,032,000. Ten years later, the Section 9 appropriation for operations was $1,029,000.

During that ten years, CATA's budget increased thirty-nine (39) percent. The Consumer Price Index increased forty-one (41) percent. Our Federal operating assistance actually decreased by $2,000. Another way of looking at the past ten years is that in constant dollars the cost of transit service remained virtually the same, but Federal assistance declined by forty (40) percent.

CATA has remained in business only by virtue of rapid increases in local government support and fare increases. While the local taxpayers have a responsibility to support the bus service, what started out in the late seventies as a fifty-fifty partnership between the Federal and local levels has now become more like a 25-75 partnership. I believe I am safe in speaking for local governments in asking that steps be taken by Congress to reach a balance in roles once again.

Transit is being asked to help meet national goals--clean air, less dependence on foreign oil, and providing mobility to persons with disabilities. We are glad to be asked and hope we are up to the challenge. CATA has been buying buses with wheelchair lifts since 1981 and now has fifty-five (55) percent of the fleet accessible. We began a fledgling paratransit system three years ago, but we are concerned that we will not have the money to operate a more comprehensive and low-fare paratransit service that may be required by the Americans with Disabilities Act.

Our local governments have had great difficulty in making up the gap in the subsidy of bus service. There has been virtually no money left over to match the Section 9 capital assistance in most years. Last year, we were able to buy our first new bus in <u>seven years</u>. We may buy <u>two</u> this year. The average age of our fleet is twelve years, and we are operating some buses that are twenty years old. The Urban Mass Transportation Administration felt so sorry for us that they recently arranged for a system in another state to give us their ten-year old discards, which lowered our fleet average age. I say all this as an objection to the Administration's proposal to raise the capital matching requirement from 20% to 40%. If that happens, CATA and dozens or even hundreds of systems like it will simply be priced out of the market of Federal capital assistance.

I cannot see the logic of the Administration's proposal to restrict the operations assistance to only certain expenditures like tires and parts and not fuel and labor. Our riders won't be very well served if we have the best steel belted radials and new transmissions if we have to leave buses in the garage because we can't pay the fuel bill or if we have to lay off drivers. Capping the operating assistance at 1991 levels and spending down the trust fund balance is not a "hold-harmless" provision: it is a five-year plan to get out of the transit business.

As I understand the reauthorization bill being advanced by this Subcommittee, we are in agreement that Federal funding for transit should begin in 1992 at the $6.7 billion level, and that it should increase, not decrease, over the next five years. If all we have to agree upon is how fast it should increase, we are indeed in a new world.

If your plan is successful it will be a tremendously important reversal of the disinvestment of the last ten years. Spending down the trust fund balance will restore faith in the process.

I want to encourage you to do even more in restoring the faith. Arkansas motorists pay about $17 million a year into the Mass Transit Account. Each year we get back less than one-half million dollars, a return of about 2 to 4 cents on the dollar. This lack of equity makes it difficult to ask the local governments and voters for more money. They don't understand why a poor rural state has to subsidize expensive rail systems around the country.

The large transit systems obviously need Federal assistance just as we do. But the current programs so heavily favor a few states and a few large systems that the lack of equity is becoming a major issue. Bus systems served 5.7 billion passenger trips in 1990, compared to 2.4 billion by rail[1]. Bus systems are deserving of a bigger share of the funds. In many ways, bus systems have a harder job in that we are trying to become a viable mode in cities that have grown up around the automobile, while rail cities are serving urban areas that have grown up around them. Try as we might, land development patterns have not changed and suburbia still grows. Bus transit should not be limited to just

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[1] APTA Transit Ridership Report, Mar. 27, 1991

the older parts of our cities. It will take more investment to provide suburban mobility, however.

Another issue that I hope you will address is the delays and preconditions that accompany grants from UMTA. Just last year CATA's operating assistance was delayed eight months while we awaited decisions from the Department of Labor concerning the agreements with third parties. CATA had to borrow money form local banks to stay in business, and came within thirty minutes of ceasing operations entirely at one point. We believe that reasonable timetables should be established for the grant process, and that grants should be awarded to let the service continue while agreements are mediated by the Department of Labor. Holding up funds destroys the concept of a level playing field for the parties involved in negotiations.

The UMTA proposal would eliminate operating assistance for areas with over one million population, would change the definition of operating assistance to "non-capital expenses", and would cap that allocation at 25% of an area's apportionment or an amount equal to an area's FY91 operating allocation. CATA believes the current definition and allocation formula for operating assistance should remain unchanged. There is no need to change definitions and increase paperwork, especially for smaller systems.

The UMTA proposal would allow transit funds to be transferred to highway projects (and vice versa). While the Arkansas Highway and Transportation Department has become a strong advocate for transit, we do not see the need to implement this on a nationwide basis. The citizens who need public transit don't have strong lobbyists and spokespersons to ensure that their needs are met. Flexibility will be a more useful concept once transit systems are more accepted and more developed around the country. I think we are at least ten years from that day.

The UMTA proposal would eliminate designated recipient status for areas under 200,000 population. CATA opposes that proposal because smaller areas have the need to control their own grant allocations just as larger areas do. CATA would support changes to strengthen the stability of designated recipient status for all areas that currently have it.

We believe there should be increased support to the Section 18 and 16(b)2 providers. We are very supportive of the goals of HR 1079, the Mobility Assistance Act. Its provisions to help the small urban and rural operations might go a long way toward addressing the equity issue.

Our riders deserve a first-class transportation mode. We will not make significant progress toward important environmental and balance-of-payment goals unless we attract auto users, and that also requires a first class transportation mode. I believe we are very close to taking those necessary steps, and I know the entire transit industry looks forward to your progress on this important legislation.

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Hearing

Before The

Subcommittee on Surface Transportation

Committee on Public Works and Transportation

United States

House of Representatives

April 22, 1991

Ft. Smith, Arkansas

Testimony of

Gordon A. Kinch

James River Corporation

PO Box 2218

Richmond, VA 23217

804-697-3055

# Written Testimony of

# Gordon A. Kinch

My name is Gordon A. Kinch and my business address is PO Box 2218, Richmond, Virginia 23217.

At our Ft. Smith facility we employ about 1,000 people and produce a wide variety of Dixie Paper Products utilized by restaurants, fast food chains, hospitals, offices, factories, stadiums and schools across the country.

Like you James River supports a multi-year reauthorization plan which stresses the need for better coordination among the nation's transportation modes and recognizes the impact our highways have on competitiveness. Facilitating intermodalism is an important step in improving U.S. productivity and widening market opportunities for our goods both at home and in global commerce. Identifying and providing adequate funding for the major highways facilitating the flow of commerce is another important step in this process. James River also supports taking the Highway Trust Fund off budget to better insure that these revenues are spent for their intended purpose.

There is one element James River respectfully requests be incorporated into any reauthorization plan approved by your subcommittee. This proposal would greatly enhance the efficiency of our nation's trucking industry, and make the U. S. highways a full partner in increasing U. S. productivity. It is supported by the Administration and certain members of your committee.

James River is asking that your highway reauthorization legislation include the provisions contained in H. R. 1064, Safe and Competitive Trucking Act of 1991, and sections 508 and 305 of H. R. 1351, the Administration's highway reauthorization plan.

These provisions represent billions of dollars in increased productivity by eliminating duplicative paperwork requirements that have no clear safety or other public interest benefit. Their enactment would help the trucking industry better fulfill its potential in meeting James River's intermodal needs by giving it additional flexibility in tailoring service packages better to meet our customers' needs.

These comments are meant to augment the comprehensive plan outlined last year. Attached for your information is a copy of the proposal, which makes the nation's highways a full partner in U. S. Efforts to effectively compete in global commerce.

In short, this plan calls for:

A reorganization and restructuring of national transportation policies and procedures to develop an integrated approach to logistics and supply chain issues.

Prompt spending of all federal Highway Trust Fund revenues so that the nation's road system receives the critical care it needs to more effectively foster U. S. participation in domestic and international commerce.

A continued emphasis on safety as well as a new focus on technological and environmental considerations so that transportation contributes to achieving clean air and related goals.

Exploration of new financing sources after current federal balances are spent.

An end to intermodal conflicts which erode productivity and needlessly add to the cost of sourcing, marketing, and distributing U. S. goods.

Prompt implementation of productivity improvements that will end unnecessary government-imposed costs on the trucking industry and improve overall national productivity.

James River appreciates this opportunity to present our views. We look forward to working with you and your staff on this important issue so that this country benefits from the safest and most efficient national highway system possible. If James River can be of any further assistance, please do not hesitate to contact me.

Respectfully Submitted,

Gordon A. Kinch
Manager Transportation
Legislative/Regulatory Affairs

STATEMENT BY

TAUNYA KOPKE, TRANSIT DIRECTOR
COMMUNITY RESOURCE GROUP, INC.
OZARK PUBLIC TRANSIT

BEFORE THE
HOUSE PUBLIC WORKS COMMITTEE
SURFACE TRANSPORTATION SUBCOMMITTEE

PUBLIC HEARING
FT. SMITH, ARKANSAS
APRIL 22, 1991

UMTA REAUTHORIZATION

Mr. Chairman, Members of the Committee, my name is Taunya Kopke. I have been the Director of Ozark Public Transit (Ozark) since 1986. Ozark is a community transit system operating in four northwest Arkansas counties, including a small urbanized area.

The Ozark system operates 37 small buses and vans, employs 30 persons, mostly part-time, depends upon over 80 volunteers, and serves an area with a population of approximately 230,000. We provide 210,000 demand-response rides a year.

Most of our riders are persons with disabilities, senior citizens, or factory workers.

Ozark is supported by UMTA's Section 18 program and by its Section 9 Governor's Apportionment program. I hope the reauthorization process will result in a recognition of the success of UMTA's efforts in rural communities and small urban communities, and that it will serve to rectify some of the problems we have experienced with UMTA's programs.

Rural Transit

Ozark operates one of about 1,200 rural transit systems in the nation. 38.2% of Americans live in rural communities. Rural systems serve some very remote areas. One Ozark passenger is so isolated that he actually rides a horse to a neighbor's house to call us. We have one route that includes an 80 mile section of rough stoney road without even a gravel surface, and it usually carries a full load of passengers.

The benefits of public transit for elderly rural people are just what you would expect to see in a big city - independent access to goods and services is assured - independence makes it possible to avoid moving into an institution. One elderly passenger responded to a recent survey, "It [public transit] makes it possible for me to buy my own groceries, pay my bills, take care of myself in a lot of ways, all on my own. That helps me keep my independence. I'm all for that."

The benefits of public transit for younger rural passengers are equally important. Industries in American cities are dependent upon the employees delivered by the light rail and bus systems created by UMTA. In the same way, many rural and small urban businesses depend upon employees who commute using UMTA's small community transit buses and vans.

And just as public transit for the impoverished neighborhoods of big cities opens the door to advancement for urban people, and supports the expansion of urban economies, so providing it in rural and small urban areas assures advancement for rural people, and furthers the development of rural and small urban economies.

Employers in Northwest Arkansas tell us that continued economic growth in our region depends in part on finding employees for the jobs created, and that many available workers have no transportation of their own. County social services administrators in Arkansas, charged with implementing the Welfare Reform Act, which requires welfare recipients to work,

tell us that welfare reform will succeed where public transportation is available, and that it will fail where public transportation does not exist.

UMTA's twelve year old policy of support for rural and small urban transit has resulted in very important improvements in rural life for those who have access to Section 18 service. Section 18 has created opportunities for independence and advancement for thousands of rural and small urban communities. Operators have demonstrated that rural communities do have mobility needs, and that those needs can be met.

Unique Rural & Small Urban Problems

Rural and small urban systems have some unique problems with UMTA programs:

1. Funding Equity. The Section 18 program has been allocated less than 3% of UMTA's general fund appropriation - this to serve the mobility needs of 38.2% of the population. Arkansas receives a mere $760,000 a year from the Mass Transit Account of the trust fund, in spite of the fact that Arkansans pay in about $25 million.

2. Planning & Technology. Transit technology training & transfer, research, and planning have long focused on large-scale, big-bus solutions to mobility problems, which do not adapt well to rural needs.

3. Regulations. Federal regulations are written with large-bus systems in mind. The $5 million insurance criteria for ICC authority makes it impossible for rural and small urban systems, operating buses too small to justify $5 million in

liability insurance, to operate service across state lines. It means that unemployed people in Oklahoma cannot work in Arkansas, where the jobs are, even though the commuting distances are small. It also means that the elderly residents of Bentonville cannot go to the Azalea festival in Muskogee, and that retirees in Bella Vista cannot have regular service to Carthage or Springfield or Tulsa.

4. Matching Requirements. UMTA's local match requirements act to discriminate against rural and small urban transit systems, because the vast majority of rural and small urban communities are too small to operate their own systems.

I have enclosed a list of the local governments within my region. There are 43 of them. I really should request funds from 43 elected bodies - submit 43 budgets, attend 43 hearings, prepare 43 sets of reports, maintain an accounting system designed to track revenues and costs for 43 different auditors, and respond to 43 different sets of questions about what the service should look like.

In reality, most rural and small urban match is provided by human service agencies who divert funds from client services. This means some other federal agency is being asked for funds to replace funds diverted to meet UMTA's requirement. The matching requirements leave systems struggling to serve people who are not anyone's clients. They also present financial and administrative nightmares, which will not be undertaken by any but the most determined organizations.

The nightmare is compounded for operators relying upon both Section 18 and Section 9's Governor's Apportionment program (for urbanized areas smaller than 200,000), because the matching ratios for the two programs are not the same.

These problems are not shared by big city operators, who simply submit a bid each year to an elected body with taxing authority.

Problems Shared with Urban Systems

Rural operators also face many of the same problems faced by our big city counterparts. The enactment of the Americans with Disabilities Act last year has us struggling to find funds to improve the accessibility of our equipment. The Commercial Drivers License Act, and the higher minimum wage have us struggling to find funds to pay higher driver wages. Insurance costs continue to increase. These changes threaten to push us backward, just as we desperately need to move forward to meet increasing demand.

It is ironic that as we struggle to find funds to pay for more transit service, rural systems in Arkansas probably conserve about 2 million gallons of gasoline each year. Gasoline dollars, which might otherwise go to pay for foreign oil, instead stay in Arkansas to support our own economy.

Conclusion

In short, while Section 18 and Section 9 have done much to help develop strategies and technologies for meeting rural and small urban mobility needs, we operators often feel we are

wandering around in the dark, because the federal commitment to rural and small urban systems has thus far been so limited.

What is needed for community transit to achieve its potential is first for it to be recognized as important to rural development and other national objectives. Congress should adopt a more equitable approach to funding, and should allow UMTA to move forward to develop a comprehensive strategy for coordinated rural and small urban transit.

I am a member of the Community Transportation Association of America (CTAA), and the Arkansas Transit Association (ATA). These organizations are developing specific recommendations pertaining to the reauthorization. I would ask you to give them consideration. Specifically, I would urge support for the following:

1. You should adopt the provisions of the Mobility Assistance Act, recently introduced.

2. RTAP support for training and technology transfer should be increased, along with support for planning and research designed to meet rural and small urban needs.

3. I would urge you to make a special study of the impact of the matching requirements on the development and nature of rural and small urban public transit, and upon other federal initiatives. It is my view that rural and small urban communities will not gain equal access to transit service until UMTA reduces the proportion of local funds required by Section 18 and the Governor's Apportionment program in Section 9. In addition, the two sets of requirements should be made the same.

4. UMTA's Section 18 recipients should be exempt from the ICC requirements pertaining to insurance.

Thank you for this opportunity to express my views. I will be happy to try to respond to any questions you might have.

OZARK PUBLIC TRANSIT - 1991 LOCAL MATCH REQUIREMENT ANALYSIS

| COMMUNITY | 1990 TURNBACK FUNDS | PUBLIC TRANSIT LIMIT 20%* | PERCENT OF TOTAL REGION TURNBACK FUNDS | SHARE OF 1991 CURRENT CAP. MATCH ($27,852) | SHARE OF 1991 CAP. EXPANSION ($104,000) | SHARE OF 1991 OPER. EXPANSION ($68,000) | TOTAL 1991 AMOUNT ($199,852) |
|---|---|---|---|---|---|---|---|
| BENTON COUNTY | | | | | | | |
| Avoca | 7,304 | 1,461 | 0.11% | $31 | $114 | $75 | $220 |
| Bentonville | 308,851 | 61,770 | 4.58% | $1,276 | $4,763 | $3,114 | $9,153 |
| Bethel Heights | 8,445 | 1,689 | 0.13% | $36 | $135 | $88 | $259 |
| Cave Springs | 12,240 | 2,448 | 0.18% | $50 | $187 | $122 | $359 |
| Centerton | 12,126 | 2,425 | 0.18% | $50 | $187 | $122 | $359 |
| Decatur | 28,902 | 5,780 | 0.43% | $120 | $447 | $292 | $859 |
| Garfield | 5,335 | 1,067 | 0.08% | $22 | $83 | $54 | $159 |
| Gateway | 2,140 | 428 | 0.03% | $8 | $31 | $20 | $59 |
| Gentry | 48,018 | 9,604 | 0.71% | $198 | $738 | $483 | $1,419 |
| Gravette | 34,751 | 6,950 | 0.52% | $145 | $541 | $354 | $1,040 |
| Highfill | 2,625 | 525 | 0.04% | $11 | $42 | $27 | $80 |
| Little Flock | 18,916 | 3,783 | 0.28% | $78 | $291 | $190 | $559 |
| Lowell | 30,757 | 6,151 | 0.46% | $128 | $478 | $313 | $919 |
| Pea Ridge | 42,455 | 8,491 | 0.63% | $175 | $655 | $428 | $1,258 |
| Rogers | 654,307 | 130,861 | 9.71% | $2,704 | $10,098 | $6,603 | $19,405 |
| Siloam Springs | 226,538 | 45,308 | 3.36% | $936 | $3,494 | $2,285 | $6,715 |
| Sulphur Springs | 14,152 | 2,830 | 0.21% | $58 | $218 | $143 | $419 |
| SUBTOTAL CITY | 1,457,862 | 291,572 | 21.64% | $6,027 | $22,506 | $14,715 | $43,248 |
| Benton County | 1,116,636 | 223,327 | 16.57% | $4,615 | $17,233 | $11,268 | $33,116 |
| TOTAL BENTON | 2,574,498 | 514,900 | 38.21% | $10,642 | $39,738 | $25,983 | $76,363 |
| CARROLL COUNTY | | | | | | | |
| Beaver (100%) | | | | | | | |
| Berryville (50%) | 2,311 | 462 | 0.03% | $8 | $31 | $20 | $59 |
| Blue Eye (0%) | 42,312 | 8,462 | 0.63% | $175 | $655 | $428 | $1,258 |
| Eureka Springs (0%) | | | | | | | |
| Green Forest (0%) | | | | | | | |
| Oak Grove (0%) | | | | | | | |
| SUBTOTAL CITY | 44,623 | 8,925 | 0.66% | $184 | $686 | $449 | $1,319 |
| Carroll County (45%) | 199,131 | 39,826 | 2.96% | $824 | $3,078 | $2,013 | $5,915 |
| TOTAL CARROLL | 243,754 | 48,751 | 3.62% | $1,008 | $3,765 | $2,462 | $7,235 |
| MADISON COUNTY | | | | | | | |
| Hindsville | 1,940 | 388 | 0.03% | $8 | $31 | $20 | $59 |
| Huntsville | 39,773 | 7,955 | 0.59% | $164 | $614 | $401 | $1,179 |
| St. Paul | 5,649 | 1,130 | 0.08% | $22 | $83 | $54 | $159 |
| SUBTOTAL CITY | 47,362 | 9,472 | 0.70% | $195 | $728 | $476 | $1,399 |
| Madison County | 455,334 | 91,067 | 6.76% | $1,883 | $7,030 | $4,597 | $13,510 |
| TOTAL MADISON | 502,696 | 100,539 | 7.46% | $2,078 | $7,758 | $5,073 | $14,909 |
| WASHINGTON COUNTY | | | | | | | |
| Elkins | 19,202 | 3,840 | 0.28% | $78 | $291 | $190 | $559 |
| Elm Springs | 22,340 | 4,468 | 0.33% | $92 | $343 | $224 | $659 |
| Farmington | 39,516 | 7,903 | 0.59% | $164 | $614 | $401 | $1,179 |
| Fayetteville | 1,131,007 | 226,201 | 16.79% | $4,676 | $17,462 | $11,417 | $33,555 |
| Goshen | 15,492 | 3,098 | 0.23% | $64 | $239 | $156 | $459 |
| Greenland | 21,598 | 4,320 | 0.32% | $89 | $333 | $218 | $640 |
| Johnson | 20,029 | 4,006 | 0.30% | $84 | $312 | $204 | $600 |
| Lincoln | 40,400 | 8,080 | 0.60% | $167 | $624 | $408 | $1,199 |
| Prairie Grove | 51,042 | 10,208 | 0.76% | $212 | $790 | $517 | $1,519 |
| Springdale | 729,145 | 145,829 | 10.82% | $3,014 | $11,253 | $7,358 | $21,625 |
| Tontitown | 16,063 | 3,213 | 0.24% | $67 | $250 | $163 | $480 |
| West Fork | 45,079 | 9,016 | 0.67% | $187 | $697 | $456 | $1,340 |
| Winslow | 9,244 | 1,849 | 0.14% | $39 | $146 | $95 | $280 |
| SUBTOTAL CITY | 2,160,157 | 432,031 | 32.06% | $8,929 | $33,342 | $21,801 | $64,072 |
| Washington County | 1,255,785 | 251,157 | 18.64% | $5,192 | $19,386 | $12,675 | $37,253 |
| TOTAL WASHINGTON | 3,415,942 | 683,188 | 50.70% | $14,121 | $52,728 | $34,476 | $101,325 |
| TOTAL OZARK REGION | 6,736,890 | 1,347,378 | 99.99% | $27,849 | $103,989 | $67,994 | $199,832 |

* No cities have yet reached the 50,000 population level, thus the limit is 20% for all.
BASED ON MUNICIPAL STREET AND COUNTY ROAD TURNBACK FUNDS FOR C.Y. 1990

Robert E. Lee, President
Texarkana Chamber of Commerce

Testimony for
Surface Transportation Sub-Committee

Ft. Smith, Arkansas
April 22, 1991

My name is Robert E. Lee. I am President and CEO of the Texarkana Chamber of Commerce. The Texarkana Chamber represents the cities of Texarkana, Arkansas and Texas. It is also the headquarters of the Mid-America Connection Compact (MAC-PAC). MAC-PAC is an association of over 900 members from ten states in America's heartland. The membership includes Chambers of Commerce, state senators and representatives, mayors, county judges, corporate executives and hundreds of other citizens. They all share a common goal - the up-grading of U.S. Hwy. 71, from Kansas City, Missouri to Shreveport, Louisiana, to a four-lane controlled access highway.

On behalf of Texarkana and MAC-PAC, I express our appreciation to the members of the Surface Transportation Sub-Committee and Congressman John Paul Hammerschmidt for holding this public hearing.

I am here to address the merits of a project of major importance to eleven states in America's heartland.

First I would like to call the Committee's attention to the Kansas City, Missouri to Shreveport, Louisiana Multi-State Freeway Corridor Study. This study, prepared in response to the Federal-Aid Highway Act of 1987, was completed in December, 1987. It was approved by the United States Department of Transportation in April, 1988. Construction of the proposed freeway would:

1. Fill a gap in the existing North-South interstate system some 500 miles wide.
2. Connect I-29 and I-35 in Kansas City with U.S. Hwy. 59 at Texarkana, Texas and with I-49 at Shreveport, Louisiana thus providing the best possible route from the Canadian border and Great Lakes to the ports of Houston and New Orleans.
3. Serve eleven states in Mid-America with a combined population of more than 45 million people.
4. Stimulate economic growth in areas of Louisiana, Arkansas and Missouri where unemployment averages 5% above the national average and where per-capita income is only 54% of the national average.

5. Enhance national defense by providing a modern highway critical to United States strategic defense policy. There are thirteen major military installations in the states of Arkansas, Louisiana, Missouri, Oklahoma and Texas within the proposed freeway corridor.
6. Enhance the ability of existing industry and business along this corridor to compete successfully in the world marketplace.

Secondly, I call attention to the Surface Transportation Act of 1991. This Act calls for the establishment of a National Highway System (NHS). The NHS is defined in Sec. 102.(a) as follows:

> "to provide an interconnected system of principal arterial routes which will serve major population centers, ports, airports and international border crossings; meet national defense requirements; and serve interstate and interregional travel"

The Kansas City to Shreveport corridor study clearly demonstrates that U.S. Hwy. 71 meets every requirement for inclusion in the NHS. The U.S. Department of Transportation, by approval of the study, clearly documents this highway (in its present condition) cannot fill its appropriate role in the system.

Finally, I call the Committee's attention to the safety of those people who are forced by either employment or domicile to drive on U.S. Hwy. 71. There are 272 miles of two lane highway. Over 200 miles are in hilly or mountainous terrain. In Arkansas alone, over 800 are injured and 34 killed annually.

Everyone who has studied the surface transportation needs of the United States, and the money available to address these needs, knows the difficulty of this committee's task. H.R. 1351, as written, provides only one funding formula for construction and improvements to those highways in the National Highway System. Under such a plan, states are almost certain to use available funds to address politically expedient intra-state projects before those of national importance.

Certain segments of the NHS are just as critical to the nation's general welfare and defense as the Interstate Highway System was when designed. We believe the Surface Transportation Act of 1991 should provide funding for construction of those segments critical to either national defense or having multi-state benefits at the same level as Interstate Highways. This would assure each state assigning a high priority to these segments.

The case for up-grading U.S. Highway 71 to, at the least, a four-lane divided highway with full access control in urban areas is clearly documented. The DOT approved feasibility study of the Kansas City to Shreveport freeway coupled with Hwy. 71 meeting all criteria for the National Highway System makes it clear this badly needed improvement cannot be allowed to wait any longer.

On behalf of the almost 20 million Americans who live within fifty miles of the Mid-America Connection corridor, I thank the members of the Committee for the opportunity to meet with you today.

PMAA PETROLEUM MARKETERS ASSOCIATION OF AMERICA

## *Statement of*

Mr. Conway Massey
On Behalf Of
The Petroleum Marketers Association of America
And
The Arkansas Oil Marketers Association

## *Before the*

Subcommittee on Surface Transportation of
The House Public Works And
Transportation Committee

## *On*

President's 1992 Budget and Legislative
Proposals for Surface Transportation Programs
H.R. 1351
April 22, 1991

1120 VERMONT AVENUE, NW • SUITE 1130 • WASHINGTON, DC 20005 • (202) 331-1198

MEMBERS OF THE PETROLEUM MARKETERS ASSOCIATION OF AMERICA

The Petroleum Marketers Association of America (PMAA) represents the independent petroleum marketers who are members of these state and regional trade associations:

Alabama Oilmen's Association
Arizona Petroleum Marketers Association
Arkansas Oil Marketers Association, Inc.
California Independent Oil Marketers Association
Colorado Petroleum Marketers Association
Independent Connecticut Petroleum Association
Florida Petroleum Marketers Association
Georgia Oilmen's Association
Idaho Oil Marketers Association
Illinois Petroleum Marketers Association
Indiana Oil Marketers Association, Inc.
Petroleum Marketers of Iowa
Kansas Oil Marketers Association
Kentucky Petroleum Marketers Association
Louisiana Oil Marketers Association
Maine Oil Dealers Association
Michigan Petroleum Association
Mid-Atlantic Petroleum Distributors Association
Mississippi Petroleum Marketers Association
Missouri Petroleum Marketers Association
Montana Petroleum Marketers Association
Nebraska Petroleum Marketers Association, Inc.
Nevada Petroleum Marketers Association
Independent Oilmen's Association of New England
New England Fuel Institute
Fuel Merchants Association of New Jersey
New Mexico Petroleum Marketers Association
Empire State Petroleum Association
North Carolina Petroleum Marketers Association
Northwest Petroleum Association
Ohio Petroleum Marketers Association
Oklahoma Oil Marketers Association
Oregon Petroleum Marketers Association
Pennsylvania Petroleum Association, Inc.
Petroleum Marketers Association of Wisconsin
South Carolina Oil Jobbers Association
South Dakota Petroleum Marketers Association
Tennessee Oil Marketers Association
Texas Oil Marketers Association
Virginia Petroleum Jobbers Association
Washington Oil Marketers Association
Western Petroleum Marketers Association
West Virginia Petroleum Marketers Association
Wyoming Petroleum Marketers Association

The Petroleum Marketers Association of America is located at 1120 Vermont Avenue, N,W., Suite 1130, Washington, D.C. 20005. Telephone: (202) 331-1198. FAX: (202) 467-6330

Good morning Mr. Chairman and members of the subcommittee. I appreciate the opportunity to testify before you today. My name is Conway Massey, and I am General Manager of A.B. Littlefield Oil Company, and we supply over 185 service stations/convenience stores/truckstops in Arkansas, Oklahoma, and Missouri. Of these, twelve are built to serve the interstate, and six are truckstops. Littlefield Oil employs 50 people.

I am appearing today as a representative of the Petroleum Marketers Association of America (PMAA) and the Arkansas Oil Marketers Association, a member of PMAA. PMAA is a federation of 44 state and regional trade associations representing more than 11,000 independent petroleum marketers. These marketers sell over half the gasoline, 75 percent of the home heating oil and 60 percent of the diesel fuel consumed in this country. Eighty-nine percent of PMAA's membership are small businesses. The Arkansas Oil Marketers Association has represented wholesale distributors since 1942, and its members sell half of the gasoline and diesel consumed in Arkansas. These marketers provide the fuel we all need to get to work, take our children to school and harvest crops.

The information this subcommittee is obtaining through these field hearings is very important. You are receiving crucial information on the state of this country's infrastructure, and the needs of communities throughout the country; at the conclusion you will be deciding what role the federal government should play in highway development in the coming years. Your task is enormous, particularly in these times of fiscal restraint by the federal government.

We appreciate the constraints you face, the need in this country for new highways, and the substantial maintenance tasks ahead. However, the petroleum marketing industry fears that the legislation prepared by the President, H.R. 1351, that would raise revenue for states by allowing them to lease land at rest areas or along the interstate for commercial development would be very harmful to the marketing segment of the petroleum industry. Currently, such leases are prohibited by Section 111 of Title 23 of the United States Code.

From our industry's perspective, such a change would be an inappropriate and unfair reversal of current law which would be counterproductive in its effect on the investments that companies like Littlefield Oil have made over the years. We oppose such a change for several reasons.

First, additional stations are not necessary along the interstate system. As you know, at most highway interchanges, service stations have been constructed to serve the motoring

public, and generally they operate 24 hours per day to ensure the traveling motorist of fuel supplies at all times. Marketers have indicated that nearly every available and economically viable interchange has been developed. I would also note that competition for the motorist is vigorous at these interchanges, with a variety of businesses selling both branded and unbranded product to the passing motorist. This vigorous competition leads to lower gasoline prices and customer convenience as each motorist can select the brand of gasoline that he desires and can utilize an appropriate credit card as necessary. We believe the present system serves the motorist very well.

Allowing a state to lease land along the interstate could be extremely harmful to my business and the other businesses that I am representing today and seriously undermine the investments they have made adjacent to the interstate. In my experience, sites on the interchange are leased or sold at between two and ten times the cost of sites not on the interchange. While competition should always be encouraged by the Congress, my business cannot fairly compete if I pay rents based on my judgement that the site I leased is the best available to serve the motoring public, when in fact much more attractive sites directly on the interstate are put in direct competition with me.

When Littlefield Oil purchases or leases such an interchange site at a premium price, I know that I must sell high volumes of fuel. Introducing a new competitor at a rest area will undercut the marketing decision I made when I picked that location and will probably prevent me from selling the high volumes that are necessary to be profitable. And without profit, Littlefield Oil cannot afford to pay rent, federal, state and local taxes, and wages to my employees.

While I understand and sympathize with the plight of the states and their need to find additional revenue, I do not believe that destroying the livelihood of or undercutting investments made by small businessmen is an appropriate method of seeking that revenue. I also do not think they realize the lost income tax or property taxes that will result from this proposal.

An additional problem with allowing new commercial development on the interstate is the Highway Beautification Act. Through the efforts of Congress, much of the interstate system is well landscaped and is free from the visual pollution of excessive commercialization; billboards are prohibited and in many cases there are no effective means of advertising services to the public. While this has beautified the interstate system, it prevents me from advertising my services in advance of the exit.

Under the present system, I have two methods of informing potential customers of my facilities' location. First, shortly before the exit, on most interstates I am allowed to rent space on

an official interstate sign. On this sign, the brand of gasoline sold is indicated; there is no mention of price. Second, I can use an extremely tall sign at the service station to tell the motoring public that my stations are at a particular location. If rest areas are opened for gasoline delivery, how will I compete for the highway traveler who is interested in price, convenience and a particular brand of gasoline. The rest area will obviously win out in the convenience category. And as you can see, my advertising tools will not permit me to describe my brand and prices at a meaningful time to the passing motorist. When he approaches a commercialized rest area, he probably won't know that my stations are only a few miles down the road. In contrast, a rest area will be advertised for many miles through the state's rest area signs and the type of gasoline sold will be readily visible from the interstate. I believe that these factors will result in the passing motorist utilizing the on-highway site for his fueling needs.

A final concern is that our members are likely to be financially excluded from ever participating in leases along the interstate if this prohibition is removed. A state interested in leasing service station space along the interstate easement will probably attempt to lease all sites to one bidder to minimize administrative costs. If Section 111's prohibitions are lifted, a state might request that a bidder offer to build service stations every 40 miles in an effort to maximize their revenues from this program. For example, the state of Arkansas might indicate that service stations are to be built every 40 miles along Interstate 40, 30, and 55, for a total of ten new rest areas. Members of PMAA and AOMA, however, typically operate 4-5 service stations and thus would be financially incapable of building 10 new service stations. As a result, the bidding would default to those major oil companies who are interested in operating stations in a particular state. Alternatively, Arkansas might request that service stations be installed at each of the 14 rest areas along the interstates. Again, most of our members would not be capable of financing such construction. Thus, our members with sites on interstate exchanges would be forced to watch as their competitors obtain premium sites in direct competition with them.

In conclusion, the original interstate authorization act clearly established that the interstate system would not be a commercial corridor. Businesses, including marketers, have relied on that decision to construct on interchanges and continue to make substantial investments to maintain and improve their facilities. A sharp change in the rules at this time would not be fair to these businesses who have and who will continue to provide public services.

PMAA and AOMA respectfully urges you to oppose any proposal to modify 23 U.S.C. § 111 to allow commercial development on interstate highway easements in the next highway authorization

bill. We thank you for your consideration of this matter and I'll be happy to respond to any questions you might have.

STATEMENT TO SURFACE TRANSPORTATION SUB-COMMITTEE

ANALYSIS OF U.S. HIGHWAY 71 NEEDS

FORT SMITH, ARKANSAS

APRIL 22, 1991

BY JERRY MONTGOMERY, MAYOR
CITY OF MENA, ARKANSAS

Mr. Chairman and members of the Committee, I am Jerry Montgomery, Mayor of the City of Mena, Arkansas. Mena is located in west central Arkansas and has a population of 5,500 with an estimated trade area of 25,000. On behalf of myself, the city council , and all the citizens of Mena, I sincerely express our gratitude for the opportunity to appear before this distinguished committee.

In our search for industries to locate in our area, we have found that most companies prefer to locate in an area no more than thirty miles from an interstate or four-lane highway system. The nearest interstate highway to Mena is approximately 80 miles away. Studies by the Missouri Department of Economic Development show that transportation is the third most important factor to companies considering a location. Studies by the Arkansas State Highway and Transportation Department revealed that the second higheat commodity desire flow patterns through the state occur from the Kansas City area southward toward the Gulf of Mexico. Kansas City is one of the largest Interior Foreign Trade Zones in the country and a major benefit of an improved

four-lane divided highway with limited access control would be to increase the exporting products produced in western Missouri and the central states to the Gulf of Mexico ports of New Orleans.

The western side of Arkansas was excluded in the development of a four-lane interstate program, and this has had an adverse effect on our economic growth because of an inadequate transportation system through our region of the state. Four of our state's largest employers, Emerson Electric, Wal-Mart, J.B. Hunt Transport, and Tyson Foods, are very heavy users of U.S. Highway 71.

In our area of the state, tourism, which effects our local economy by creating thousands of jobs, is highly dependent upon quality highways. It is a known fact that many tourist and vacationers by pass our beautiful region simply because the highway system is inadequate and dangerous. The magnet to entice tourist to the numerous lakes and rivers is an improved U.S. Highway 71, which would assist in the full development of both natural and human resources.

The existing Highway 71 in western Arkansas is a two-lane highway, serving a high traffic volume and insufficient passing sight distances. Motorist must contend with steep inclines and segments of highway that have a narrow surface with a 10 feet per lane and no shoulders. Motorists' safety is a major issue on this existing north-south route.

Sections of the existing two-lane Highway 71 has a current annual average of six accidents per mile resulting in 3.2 injuries per mile and one death every 4.7 miles.

Considering lead and construction time and budgetary constraints faced by Congress, I believe a practical approach would be to upgrade Highway 71 to a four-lane divided highway with limited access control. This approach would avoid much of the expense of planning new routes, acquiring expensive right-of-way, and minimize environmental impact studies and effects. An entirely new Interstate system would not likely be completed within my lifetime whereas an improved Highway 71 would give Mena and Polk County much needed relief in a shorter period of time.

In closing, I want to thank Congressman Hammerschmidt for the opportunity to appear before you and give you this message from our people. Western Arkansas is such a beautiful part of our country. I hope you enjoy your visit.

# ADDRESSING THE TRANSPORTATION CHALLENGES OF NORTHWEST ARKANSAS

A Presentation to the

Committee on Public Works and Transportation

Subcommittee on Surface Transportation

One hundred second Congress

U. S. House of Representatives

Norman Y. Mineta, Chairman

April 22, 1991

John M. Lewis, President
Bank of Fayetteville
One South Block
Fayetteville, Arkansas 72701
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45-155 O—91——76

ADDRESSING THE TRANSPORTATION CHALLENGES OF NORTHWEST ARKANSAS

April 22, 1991

The Surface Transportation and Uniform Relocation Assistance Act of 1987 expires on September 30, 1991. The debate triggered by the upcoming expiration of the legislation, and the completion of the Interstate System, presents a major generational opportunity for the 102nd Congress to frame a new surface transportation policy responsive to the needs of today's economy and tomorrow's opportunity.

The rich potential of this opportunity to create a new national highway system as the focus of federal-aid to highways in the post-Interstate era can only be achieved by shaping programs which address the fundamental changes in the nation's economy and demographics which cry out for solution to the problems of a deteriorating surface transportation system.

It is within this changed environment that Congress must fashion the objectives and programs of a new national surface transportation program. A new highway infrastructure program must be designed, as Chairman Roe has stated, "to invest in the rebuilding of America's infrastructure and halt the decline in this Nation's productivity."

Mr. Chairman, it pleases me to tell you and your committee that western and northwestern Arkansas is one of the most productive areas in our nation. In this area reside corporations that are competitive with any companies in our nation or the world.

It was my pleasure to report to you in the last hearing held in this area the reasons for this. The genius of our entrepreneurs, the productivity and care of our workforce, the intense local competitive environment and the University of Arkansas with its technical and managerial expertise that assist these companies in upgrading their talents.

A continued investment by our government in the needed infrastructure of our area is going to benefit an area that is paying its way in taxes and taxing itself for further improvements.

President Bush, Secretary of Transportation Samuel K. Skinner, and the Federal Highway Administration have long stated the need to develop a strong federal and state partnership for highway development.

Arkansas, and its people, have shouldered responsibility for their share of that partnership. Arkansas has just enacted a 36 percent increase in its gasoline tax and a 47 percent increase in its diesel fuel tax to fund the state's portion of a $2.4 billion program to improve Arkansas highways.

I am pleased to note that the first project to be announced from that new Arkansas highway program calls for the construction of U. S. 412 as a four-lane facility to connect Northwest Arkansas to Interstate 44 along Oklahoma's Cherokee Turnpike which is currently under construction.

To paraphrase from Chairman Roe's recent comments at a field hearing in Washington State, Arkansans are willing to invest more than a nickel for improved roads in Arkansas.

Therefore, we believe that now is the time for the federal government to join the partnership with Arkansas by enacting a new highway program which will accomplish the following objectives:

- o provide for the addition of a limited number of nationally significant routes to the Interstate System and provide for the construction of those selected new routes under a 90/10 federal/state funding ratio.

- o Specifically, we would urge your consideration of Interstate 49 from Shreveport, Louisiana to Kansas City, Missouri for inclusion in the new Interstate System, for it is truly one of those nationally significant routes which should be completed.

Having said that, Chairman Mineta, I must continue to say that I share your concern about the maintenance of our existing Interstate System. But, the nation must also address those voids in the current Interstate System which deprive a small number of rapidly growing and vibrant regions of our county from participation in the nation's Interstate System.

To fund the construction of those new routes, we encourage Congress to enact a plan for the fiscally prudent and responsible spend-down of the Federal Highway Trust Fund balances to fund a strong program which meets the nation's needs for surface transportation infrastructure.

Once again, Chairman Mineta, I agree with your comment that underfunding transportation represents "economic suicide in a new world order."

In that regard, I applaud the budget request submitted by the Public Works and Transportation Committee to the Budget Committee last month which calls for the Highway Trust Fund balance to be spent down to $7 billion.

In conclusion, let me commend the Public Works and Transportation Committee and its staff for its work on the Surface Transportation Assistance Act of 1991. The task is momentous, but one that this distinguished group of Congressman can complete; thereby ensuring that a surface transportation is enacted which invests the people's resources in the future of America.

Remarks for the Committee on
Public Works and Transportation
Ft. Smith, Arkansas
April 22, 1991

Presented by
Charles W. Mudd
Vice President, Operations
Contract Freighters, Inc.
Joplin, Missouri

Contract Freighters, Incorporated, CFI, is a privately held, irregular route truckload carrier started in 1951 and based in Joplin, Missouri. We operate more than 1,000 trucks and 2,500 trailers throughout the contiguous 48 states, all bordering Canadian provinces and Mexico as far south as the Yucatan Peninsula. We operate terminal facilities in 9 U.S. locations.

As a trucking company we are particularly interested in the structure and progress of the 1991 Surface Transportation Assistance Act. We are all aware, the health and development of our nation's infrastructure is directly related to, and to a degree can dictate, the productivity and profitability of our economy. As a trucking company that handles a large amount of international freight, we see the quality and efficiency of our infrastructure as the key factor to our nation's participation and leadership in the quickly developing "global market." We must maintain the ability to move goods and materials across our nation with the same, and even better, effective precision as other nations with less territory and better infrastructure investment.

We believe this to be a vitally important topic. We also want to recognize the extremely difficult task you have in developing the United States' plans for the future in this area and thank you for the opportunity to add our comments today for your consideration.

First, CFI strongly supports any measures included in the act that insure the maintenance and upkeep of the current highway system, with particular attention to bridges. A system to monitor the effective, efficient use of funds for these programs must be included.

CFI also supports efforts to encourage the construction of toll roads to fund new highways, allowing better utilization of tax monies. Tolls are an easier, more definite charge for a trucking company to deal with, and are in line with the general philosophy that a direct user pays the fee.

Our first preference is for the toll to be eliminated, or at least reduced to a minimum maintenance fee once construction costs are covered. If tolls are continued, excess revenues absolutely must be specifically designated for highway system purposes.

In the same light, all of the present trust fund monies and all highway and fuel tax dollars designated for the needs of our infrastructure at no time and under no circumstances should be used for any other purpose, including efforts to balance the federal budget. All of these funds should be released and used for their intended purpose.

We believe the number of adequate rest areas should be addressed. It's common to see trucks and cars parked along entrance and exit ramps at night for lack of adequate rest areas. Some states will ticket a vehicle parked on a ramp when there is really no other place to rest. This is an important safety issue for both truckers and motorists.

Finally, I want to discuss a local topic. Southwest Missouri and western Arkansas have a strong interest in designating Highway 71 as part of the Interstate Highway System. With a plan of connecting Kansas City and Shreveport and better still, Houston, Texas, through Joplin, Missouri and Ft. Smith, Arkansas a valuable corridor to CFI, the local economies and the previously described international market will be developed. This lane is currently needed for existing traffic and would quickly grow into a major commercial lane. CFI supports any efforts to develop the Highway 71 corridor.

Thank you once again for the opportunity to express our concerns and please feel free to contact myself or CFI to participate in any public forum.

**Statement by**
**Ross Pendergraft**
**Executive Vice President and Chief Operating Officer**
**Donrey Media Group**
**Before the House Public Works and Transportation Committee**
**Fort Smith, Arkansas**

Thank you for this opportunity to speak on behalf of the people of western Arkansas and eastern Oklahoma.

In 1975, the U.S. Department of Commerce predicted the next growth pattern for this nation. It said the cities of the Twenty-First Century would be intermediate population centers of under 100,000 population with surface, air, rail and water transportation, located within one day's truck travel of such major distribution points like Dallas, St. Louis, Memphis and Chicago. Additionally, these new American cities would have an abundant supply of low-cost energy, such as natural gas. That description totally fit only one American city in 1975 — Fort Smith, Arkansas.

Now, I invite your attention to what actually transpired during the past 15 years — from Knoxville, Tenn., to Nashville to Memphis to Little Rock to Fort Smith to Tulsa and Oklahoma City. At intervals of approximately 125 miles to 200 miles clear across America, intermediate population cities have boomed economically and have recorded rapid population increases, particularly in the Sun Belt and the heartland of the America. This growth has occurred along the interstate highway system and parallels the 1975 prediction by the the Department of Commerce.

Despite creation, growth and development of perhaps a dozen major truck lines in this region, including the fifth largest commercial hauler in the United States, one gap in this growth pattern stands out. That gap, of courses, is U.S. Highway 71 along the western border of Arkansas that generally has been neglected in federal highway funding. This neglect has adversely impacted the people and economies of both western Arkansas and eastern Oklahoma for three decades.

For almost 40 years, the people of this region, their per capita income, their public safety and their overall standard of living have been the victims of that oversight by Congress in the 1950s. Relying on their own self-sufficiency, location and the natural resources of this region, the people of western Arkansas have made remarkable progress in literally pulling themselves up by their bootstraps. I do not have to tell you the homegrown and national corporations that have chosen to locate along this neglelcted transportation corridor, primarily because of its proximity to the population center of this country. Additionally, I would be less than truthful if I did not give part of the credit for Fort Smith's development during the past 15 years to the federal/state partnership that produced Interstate Highway 40, our east-west lifeline to much of America.

As the publisher of more then 50 newswpapers in some 20 different states, my company, like most manufacturers, depends heavily on surface delivery of materials and supplies, not to mention distribution of our finished product. To an even greater degree than most other business enterprises, we are committed to the economic development of the communities we serve. Our success or failure — and the level and quality of services we provide our readers — depend on advertising revenues. Those revenues rise or fall in direct relationship with the economic health of the total community. Certainly, we have a vested interest in expanding U.S. Highway 71 to interstate-quality, but so do the more than a quarter-million readers of our three daily newspapers situated along that corridor.

I submit that in addition to the immediate and desperate needs of the people of western Arkansas — business operators, professionals and workers alike — the entire country has a stake in surface transportation in this region, particularly between the Missouri line and Texarkana, Texas. The inferior quality of U.S. Highway 71 is a national defense concern. It is the missing link in our national distribution system for goods and services.

U.S. Highway 71 is a dangerous and outdated roadway that has claimed 122 human lives in just the past 48 months in this state alone. Just within 30 miles north and south of this city, between 1,000 and 1,500 traffic accidents have occurred in that same period of time. And between the Missouri state line to the north and Texarkana to the south, at least 1,000 men, women and children have sustained serious injuries that required hospitalization. A new highway of interstate quality can and will significantly reduce this needless bloodshed.

In conclusion, I beg you to do all in your power to give the people of this region something I believe they should have been given when the first Interstate Highway Act was enacted: an even break with the rest of America to help themselves and their country. Do that, and I can assure you, the people of western Arkansas won't let you down. Thank you.

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# Testimony
# For
# SURFACE TRANSPORTATION SUB-COMMITTEE

By

JOE D. POWERS
Chairman of the Board
Fort Smith Chamber of Commerce

Fort Smith, Arkansas
April 22, 1991

April 22, 1991

Testimony by: Joe D. Powers
Chairman of the Board

For: Surface Transportation Sub-Committee

CHAIRMAN MINETA, CONGRESSMAN HAMMERSCHMIDT AND MEMBERS OF THE SURFACE TRANSPORTATION SUBCOMMITTEE, I AM JOE POWERS, CHAIRMAN OF THE BOARD FOR THE FORT SMITH CHAMBER OF COMMERCE. WE SINCERELY APPRECIATE YOU COMING TO FORT SMITH TO HOLD THIS IMPORTANT PUBLIC HEARING AND WANT YOU TO KNOW THAT WE CONSIDER IT A DISTINCT HONOR FOR THE CITIZENS OF THIS AREA.

OUR NUMBER ONE PRIORITY FOR DISCUSSION HERE TODAY HAS TO BE THE UPGRADING OF HIGHWAY 71 FROM KANSAS CITY, MISSOURI DOWN TO SHREVEPORT, LOUISIANA. THIS NORTH-SOUTH CORRIDOR IS ABSOLUTELY ESSENTIAL FOR THE ECONOMIC GROWTH AND DEVELOPMENT OF MID-AMERICA. THIS IS NOT JUST AN ISOLATED, LOCALIZED NEED, IT'S THE CONNECTING LINK FROM CANADA TO THE GULF OF MEXICO THAT ALLOWS MID-AMERICA TO COMPETE IN THE INTERNATIONAL MARKET. THERE ARE ELEVEN STATES IN THIS CENTRAL PART OF THE UNITED STATES WHICH ACCOUNT FOR MORE THAN 45 MILLION PEOPLE. WE ARE GRATEFUL FOR THE PROGRESS BEING MADE ON HIGHWAY 71 TO THE NORTH BUT THERE IS AN ABSOLUTE VOID WHEN IT COMES TO CONNECTING FORT SMITH WITH TEXARKANA WHICH WOULD COMPLETE THE MISSING LINK IN THIS NORTH-SOUTH CORRIDOR.

WE HAVE OVER 200 MANUFACTURERS IN THIS LOCAL AREA BUT THEIR "JUST IN TIME" PRODUCTION SCHEDULES, PUT TREMENDOUS PRESSURE ON THE MOTOR FREIGHT CARRIERS TO PROVIDE FAST, RELIABLE SERVICE. AGAIN, LOCAL CARRIERS ARE HANDICAPPED IN THEIR EFFORTS TO DELIVER GOODS TO MARKETS IN MISSOURI, TEXAS AND LOUISIANA IN A TIMELY MANNER. LOCAL MANUFACTURERS ARE ALSO HAMPERED WHEN THEIR PRODUCTION SCHEDULES

DEPEND ON THE TIMELY RECEIPT OF RAW MATERIALS FROM THOSE MARKETS. THIS IS A DISTINCT DRAWBACK WHEN IT COMES TO RECRUITING INDUSTRIAL PROSPECTS. WE ARE RIGHT IN THE MIDDLE OF A TREMENDOUS GAP IN THE EXISTING NORTH-SOUTH INTERSTATE HIGHWAY SYSTEM. WE NEED THIS FOUR-LANE THROUGH HERE NOT ONLY FOR ECONOMIC GROWTH AND DEVELOPMENT BUT ALSO IN THE INTEREST OF NATIONAL DEFENSE. THERE ARE 12 TO 15 MILITARY INSTALLATIONS LOCATED IN OUR SURROUNDING STATES AND OUR NARROW, TWO-LANE WINDING ROADS ARE HARDLY SAFE FOR HAULING WEAPON SYSTEMS AND SUPPORT EQUIPMENT BETWEEN THEM. WE BELIEVE THAT THIS PARTICULAR SEGMENT OF HIGHWAY IS A CRITICAL PART OF THE NATIONAL HIGHWAY SYSTEM AND SHOULD BE GIVEN A HIGHER PRIORITY IN THE INTEREST OF THE NATION'S WELFARE AND DEFENSE.

I'D NOW LIKE TO SHIFT TO SOME COMMENTS REGARDING THE SURFACE TRANSPORTATION ASSISTANCE ACT OF 1991. PLEASE KEEP IN MIND THAT I AM IN THE BANKING BUSINESS AND I AM NOT A TRANSPORTATION SPECIALIST, HOWEVER, I WOULD URGE YOU TO CONSIDER THE FOLLOWING: (A) MAINTAIN THE FEDERAL AID URBAN SYSTEM AND OTHER CATEGORICAL FUNDING PROGRAMS RATHER THAN COMBINE MANY OF THEM IN A NEW URBAN/RURAL PROGRAM. (B) MAINTAIN THE CURRENT FUNDING MATCH RATIOS RATHER THAN REDUCE THE FEDERAL SHARE WHILE INCREASING THE STATE/LOCAL SHARE. (C) IF THE URBAN/RURAL PROGRAM IS IMPLEMENTED, DEVELOP A MECHANISM TO ENSURE THAT THE VARIOUS STATES DO NOT ESTABLISH A COMPETITIVE ENVIRONMENT, NOT ONLY BETWEEN THE URBAN AND RURAL AREAS, BUT ALSO AMONG THE URBANIZED AREAS WITHIN THE STATE. (D) STRONG SUPPORT SHOULD BE GIVEN TO THE RETENTION OF THE INTERSTATE PROGRAM AS IS PROPOSED BY THE ACT. THIS PROGRAM WOULD PRESENT THE BEST METHOD OF FUNDING AND BUILDING THE SOUTHERN EXTENSION OF U.S. HIGHWAY 71 AS A FOUR-LANE CONTROLLED ACCESS FACILITY. IF IT IS NOT IDENTIFIED AS AN INTERSTATE HIGHWAY, IT WOULD GO INTO THE LARGER GROUP OF PROJECTS UNDER THE URBAN/RURAL PROGRAM WHICH COULD BECOME A COMPETITIVE PROGRAM AND WEAKEN THE TIMELY COMPLETION OF THE U.S. 71 PROJECT. (E) IF THE ACT IS PASSED AS IS PROPOSED, THERE IS A SECTION OF THE ACT THAT ENABLES THE DESIGNATION AND FUNDING OF SCENIC BYWAYS. THE SIGNIFICANCE OF THIS SECTION IS THAT

THE EXISTING U.S. 71 COULD BECOME ELIGIBLE FOR SUCH A DESIGNATION ONCE THE NEW HIGHWAY BETWEEN FAYETTEVILLE AND VAN BUREN/FORT SMITH IS COMPLETED. SUCH A DESIGNATION WOULD HELP MITIGATE THE ECONOMIC LOSSES THAT ARE LIKELY TO OCCUR ALONG THE OLD HIGHWAY DUE TO THE DECREASE IN TRAFFIC AND USAGE. THIS DESIGNATION, AND THE SUBSEQUENT IMPROVEMENTS TO THE HIGHWAY, WOULD CREATE A PARKWAY ENVIRONMENT SIMILAR TO THE BLUE RIDGE PARKWAY AND SERVE AS A CATALYST FOR CONTINUED ECONOMIC ACTIVITY AS WELL AS NEW DEVELOPMENT THAT WOULD SUPPORT THE INCREASING TOURISM INDUSTRY. (F) UNDER THE PROPOSED ACT, THERE ARE SPECIAL FUNDS FOR INNOVATIVE RESEARCH PROJECTS. THESE FUNDS WOULD BE AVAILABLE FOR BOTH PLANNING AND CONSTRUCTION. HOPEFULLY, FORT SMITH COULD PURSUE THESE FUNDS IN AN ATTEMPT TO RESOLVE THE GROWING TRAFFIC PROBLEMS ON OUR MAIN THOROUGHFARE, ROGERS AVENUE. FORT SMITH HAS SUBMITTED THE PHOENIX AVENUE EXTENSION PROJECT AS A PARTIAL SOLUTION TO THIS EXISTING PROBLEM. YOUR SUPPORT WOULD BE MOST APPRECIATED.

IN SUMMARY, THE NEED FOR AN UP-GRADED U.S. HIGHWAY 71 HAS BEEN CLEARLY DOCUMENTED FOR SEVERAL YEARS. IN THE INTEREST OF PUBLIC HIGHWAY SAFETY, THE INJURIES AND FATALITIES ARE TOTALLY UNACCEPTABLE WITH INDIVIDUAL MOTORISTS AND MOTOR FREIGHT CARRIERS USING TANDEM TRACTOR-TRAILER RIGS DRIVING THESE NARROW, WINDING, TWO-LANE ROADS TO HAUL EVERYTHING FROM CHICKENS TO HAZARDOUS MATERIALS. WE MEET THE CRITERIA TO BE A PART OF THE NATIONAL HIGHWAY SYSTEM AND HOPEFULLY, WE ARE CONVINCING YOU THAT THERE IS AN URGENT NEED TO COMPLETE THIS LAST GAP IN THE NORTH-SOUTH CORRIDOR WITHOUT FURTHER DELAY. THE OLD-TIMERS DOWN HERE TELL US TO SOLVE A DIFFICULT PROBLEM, YOU MUST FIRST "PICK UP A PENCIL" OR "TAKE THAT FIRST STEP". LADIES AND GENTLEMEN, WE'VE REACHED THAT POINT WHERE WE SIMPLY MUST TAKE THAT FIRST STEP AND MAKE THAT FOUR-LANE HIGHWAY A REALITY AND WE MUST DO IT NOW!.

ONCE AGAIN, I WANT TO THANK YOU FOR CONDUCTING YOUR MEETING HERE IN FORT SMITH AND ALSO FOR ALLOWING ME THE OPPORTUNITY TO SPEAK WITH YOU.

STATEMENT OF JAMES C. REGNIER

A four-lane highway down the corridor of western Arkansas is what we need.

There can be little argument that our interstate systems have reduced the number of accidents and made travel much more efficient as well as safer. However, for those areas which do not have immediate access to a four-lane highway, the prospects for economic growth are much gloomier. We in Waldron, Arkansas, can testify to that statement as we have seen several prospects choose development sites along I-40 during the past several years.

Why do the people of our area need economic growth?

1. Scott County has been ranked in the lowest 20% for per capital income in the U.S. for 1950, '59, '69, and '79. Poverty is persistent and the first requirement is jobs for the people. The opening of western Arkansas would give us the opportunity to attract those jobs.

2. Scott County has a total population of approximately 10,500 and its only community of any size (Waldron) has a population of roughly 3,000 of that total. Rural counties are often heavily dependent on a single industry for economic viability. In order to protect the area from swings in business cycles, we must attract a diversity of industry. But any industry must have a means of moving its product to markets. A four-lane system will provide such means.

3. The residents of Scott County are particularly dependent on roads. Arkansas ranks 15th nationally with 911 of every 1,000 licensed to drive. The four-lane would open up our county and make travel much safer and more efficient to those numbers who must seek jobs in Ft. Smith.

4. Waldron and Scott County enjoy an excellent modern health care system. However, when specialist or special services are demanded, the result is a forty-five mile trip over what must be one of the poorest stretches of U.S. highway in the nation.

5. Scott County and Waldron have always taken great pride in their public schools. However, many of our graduates must leave to find jobs and, particularly, many of our brightest young people have no choice but to leave. We must create jobs which will provide an opportunity for those young people to remain and help continue to build.

6. Even with the lack of industry and jobs, the Waldron area continues to grow. Surrounded by Ouachita Mountains with several large mountain ridges traversing the county, we are certainly one of the most beautiful areas in the nation. In a state which counts tourism as a major economic force, this four-lane system would traverse one of the most scenic vistas in the state and make it accessible to more tourist than ever.

7. Western Arkansas has the ingredients for the explosion of growth that northwestern Arkansas has been experiencing. We have an attractive tax base, pleasant climate, an available work force with a strong work ethic, a scenic countryside, and ample power and water to support growth. A four-lane system will provide the access to this area which is just beginning to witness an influx.

8. Major industries in Scott County include one of the largest Tyson production plants, Sampling Technology, Inc., which is a leader in world production of air monitoring equipment, and a large agriculture and timber industry. Other smaller industries share with these a need for access today, a need which will continue to grow.

Along with our citizens, I strongly commend Representative Hammerschmitt for his foresight in seeing the urgent need for this project and for his efforts to provide this development.

James C. Regnier, President
Waldron Area Chamber of Commerce
Waldron, Arkansas

STATEMENT OF L. P. LARRY RENARD

April 18, 1991

Good Afternoon,

I am L. P. (Larry) Renard, Chairman of the Industrial Development Committee of the Nashville, Arkansas Chamber of Commerce. I am also Chairman of the Industrial Association of Nashville. Those jobs are part time and community projects. I am employed full time as President and General Manager of Briar Gypsum, and that is the job that pays my salary and pays my expenses to travel here today.

The people I am representing in Nashville, Howard county, and Southwest Arkansas support the construction of interstate highway 49 and/or the highway 71 corridor. We even go so far as to say we support increased taxes for the construction and improvement of the highway system.

Southwest Arkansas has decent interstate highway connections to the Southwest and Northeast portions of the United States using interstate 30. We have fair interstate connections to the East and Southeast parts of the United states, going to Shreveport and using Interstate 20, but our connections to the South are poor, and to the North very poor. This 71 corridor,and the feeder roads that will run into it, will provide us a much safer highway system to the North and to the South.

Nashville and Howard county, the area I represent, has experienced considerable industrial growth in the last several years.

Nashville is a town of approximately 4,500 people, and we have over 3,000 employees working in our industrial facilities. Our traffic is bumper to bumper in the mornings and evenings. The industrial plants have been asked to stagger their starting and quitting times to help the traffic problems.

Our in bound, as well as our out bound truck traffic, is heavy. The business I represent ships an average of 40 semi trailer truck loads of material out every day. We ship very little material north because of the highway system. Potential customers in the northwest part of Arkansas tell us it is easier, cheaper,and better for them to buy their material in from western Oklahoma, which is one hundred miles further away, rather than to buy from us and haul north on U. S. 71.

There have been several studies and committee hearings reguarding improving highways, and the people I represent have given testimony supporting improved highways each time. The three studies I am familiar with are; "Transportation 2020", which was a federal committee that held hearings and was suppose to develop a concensus on a national transportation plan to meet America's needs in the 21st century. The second was the Arkansas State Highway Department's "Economic Development Corridor Improvements" concept. This concept proposed connecting all cities in Arkansas with a population of 10,000 or more with a four lane highway, and connecting all cities with a population of 5,000 or more with a four lane highway within 20 years. The third was an outgrowth of the second and was "An Economic Impact Study-Intrastate Corridor System-1990/2010." All these studies recommended Interstate 49 and/or the Highway 71 Corridor, and we in the Nashville area support those conclusions. If you haven't,

I highly recommend to you, as a member of this committee, that you obtain a copy and read the study, "Economic Impact Study-Intrastate Corridor System 1990/2010", by the Southwest Arkansas Planning and Development District, Inc. This study does an excellent job reviewing the economic impact the Highway 71 Corridor will have on Southwest Arkansas.

Our aim and goal in Nashville and Howard county is to raise the standard of living for our community, and we just happen to believe this can best be accomplished by industrial development, while maintaining our rural atmosphere and protecting our environment.

Thank you for being here today and listening to my remarks.

ED WARMACK

Chairman Mineta, Committee Members, and Friends:

A friend of one of my sons was pursuing employment - his first pre-requisite was that the work calendar not include Friday or Saturday. Thanks to all of you for giving up your weekend to be in Fort Smith, Arkansas, today! John Paul continues to be of the "old school" and spends most of his weekends here in Western Arkansas working with his friends.... you know he doesn't have any enemies...

Some one hundred years ago the City Fathers tried, to no avail, to negotiate Fort Smith's becoming a part of the Rock Island Railroad East-West arm between Memphis, Little Rock, Oklahoma City, Amarillo, Tucumcari, New Mexico, and points west, with Fort Smith being on the main line of the Kansas City Southern Railroad operating between Port Arthur, Beaumont, Shreveport, Texarkana and Kansas City, and being a division point for both railroads.

With the city's losing these two main lines, it is impossible to measure the amount of growth Fort Smith missed by not having this advantage.

We appreciate your Committee's approval of the Waldron Road project and solicit your consideration and help on the Phoenix Avenue extension project.

We are most thankful to have Interstates 40 and 540; both have given relief to our local, as well as through, traffic.

We hope funds will be set aside for the construction of Interstate 49, or Mid America Artery, during the next allocation for Interstate Road Systems; north from Houston/New Orleans through Texarkana/Fort Smith, Kansas City, etc. would give this area a tremendous boost. If funds are not available in the foreseeable future, and your committee feels that funds will be more readily available for this artery to be a toll road similiar to the toll roads in Oklahoma, we would consider it a favor for you to advise us in order that we may expedite our requests.

Central Mall, the largest shopping complex in the State of Arkansas, was built in 1970. It continues to be the primary shopping facility in western Arkansas and eastern Oklahoma. There is no question that Fort Smith would become a larger retail market with the completion of the north/south Interstate 49.

May we also call to your attention the amount of additional tourism that would be generated by a north and south artery of "Interstate quality."

Today Fort Smith's household count is 28,200. With more than 85,000 people coming to their jobs in Fort Smith every normal working day, and more than half from outside Fort Smith, our highway system is congested.

During the first half of this century, railroad main lines made that tremendous difference. Today Interstates make that tremendous difference!

Any improvements made in our road system would be most appreciated. We hope our highway needs and street requests are given favorable consideration! Thanks again for being here today.

# STATEMENT OF JERRY A. YARBOROUGH

ABF Freight System, Inc.
301 South 11th Street
Fort Smith, Arkansas 72901
501-785-8700

Report to the:

Subcommittee on Surface Transportation
Committee on Public Works and Transportation

Regional Field Hearing
Fort Smith, Arkansas

ABF Freight System, Inc. and its affiliates comprise the nation's fourth largest national motor carrier of general commodities. ABF has 327 terminals located in all 50 states, Canada, and Puerto Rico, and employs approximately 10,000 people. 1990 revenue was 765 million dollars. ABF operates 3,500 power units and 11,000 twin trailers. Intercity miles in 1990 totaled 237 million.

In light of recent information being disseminated pertaining to long combination vehicles, drug use in the trucking industry, and highway wear caused by trucks, we feel it important to report our experience and position on these issues.

LONG COMBINATION VEHICLES

In 1985, ABF commenced a shift toward the use of 28-foot twin trailers versus 45-foot long single vans. During 1986, ample numbers of both types of vehicles were operated essentially under the same conditions. The rate of accidents reportable to the Department of Transportation ("DOT") for single long vans was 628,000 miles per accident, while it was 2,400,000 miles per accident for twin trailer combinations. The twin trailer rate has continued to improve. Now 28-foot trailers make up 99 percent of the ABF trailer fleet.

ABF has utilized triple trailer combinations in the states of Idaho, Oregon, and Utah since 1985. During the six years through 1990, ABF has operated triple 28-foot trailers 4.5 million miles and has been involved in two DOT-reportable accidents.

Our experience proves that long combination vehicles do not have higher accident rates. On the contrary, twin trailers are four times safer than single vans, and triple trailers are slightly safer than twin trailers.

DRUG USE

Since mandatory drug testing became law in December of 1989, 3,680 ABF drivers have been screened for drugs during their DOT physical examinations. A total of seven individuals tested positive, which represents a rate of 0.19 percent.

A total of 2,055 job applicants have been screened for drugs during pre-employment physical exams. There were 19 positives, which equates to 0.92 percent.

Based on the drug testing to date, the incidence of drug use that ABF has discovered is only a tiny fraction of what is purported by some to exist among truck drivers.

HIGHWAY WEAR

We believe that before a large investment is made to upgrade the U.S. highway system, it would be prudent to research the issue of pavement design and wear. If pavement wear is found to be strongly dependent upon vehicle speed, ABF would support strict enforcement of a 55-mph speed limit for tractor trailer rigs.

Jerry R. Yarbrough
Senior Vice President
April 22, 1991

qtu/aa

(NEW ADD PAGE)

ADDITIONS TO THE RECORD

Leggett & Platt
INCORPORATED
THE COMPONENTS PEOPLE
NO. 1 LEGGETT ROAD • CARTHAGE, MISSOURI 64836 • 417/358-8131

STATEMENT BEFORE

THE HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

Relating to

HIGHWAY 71/I-29 CORRIDOR

By

DR. LANCE BESHORE

Vice President - Government Relations

Leggett & Platt, Incorporated

October 6, 1990

Mr. Chairman, my name is Lance Beshore and I'm the Vice President for Government Relations at Leggett & Platt, Incorporated. I'm pleased to respond to the opportunity to appear before you today to discuss this important matter of Highway 71/I-29 corridor, as it pertains to our company, our region, and I believe, our nation.

Leggett & Platt is currently in its 107th year of continuous operation. We were founded in Southwest Missouri as a partnership in 1883. The company was then incorporated in 1901 and has always remained headquartered in Carthage, Missouri, just east of Joplin. Today we are a New York Stock Exchange company, and have grown to the rank of 350 in the Fortune 500,

based on reported sales of just over $991 million for 1989; with annualized sales now above $1 billion, Leggett & Platt has approximately 12,000 employee/partners working in facilities throughout the United States and in Canada.

In Southwest Missouri alone, Leggett & Platt has eight operations employing 1,200 men and women. Major operations in Carthage include the Corporate Office (to which we're currently adding 52,000 square feet), two research and development centers, a machine rebuilding operation, a steel wire drawing mill, a manufacturing plant for springs and other wire products, plus the company's Flex-O-Lator Division. A wood products division is in Springfield, Missouri. Recent facilities' expansion in the local area include an addition to the Research and Development Center for Manufacturing and Engineering Services and a new hangar for the corporate aircraft at the Joplin Municipal Airport. Leggett & Platt has achieved most of its growth since 1960 when current management assumed responsibility for the company's direction. At that time, annualized sales were about 7 million from only 3 plants. After more than 25 years of consistently

profitable growth, management still believes that the company has many attractive opportunities for future growth. In pursuing these opportunities, Leggett & Platt continues to specialize in manufacturing and marketing a broad and growing line of components and related products for the home furnishings industry and diversified markets.

With this as background, Leggett & Platt wishes to go on record as strongly endorsing the U.S. Route 71 improvements as they pertain to the project running between Kansas City, Missouri and Shreveport, Louisiana. Being home based in Southwest Missouri and having a trucking fleet within the larger parent company that consistently drives in excess of 160,000 miles in Arkansas, in particular during the last 12 months, we can speak with some experience as to the complications involved in using the present road system. Leggett & Platt owns and leases over 60 trucking units, as well as other carriers, to shuttle between Carthage and all points throughout the United States, but in particular, Fort Smith, Arkansas. We have a facility in Fort Smith that employees 48 people and contains 54,000 square feet. We make sleepers and trundles for such customers

as La-Z-Boy, Sealy, etc.

U.S. Route 71 improvements are needed to provide a dual lane traffic facility built to interstate standards and become a part of the north/south multi-state freeway. This would greatly alleviate the capacity problems that we find are predominate along the existing routes. Traffic counts continue to rise; injuries and fatalities continue to escalate; and in general the infrastructure road system continues to deteriorate.

The social demands of the Ozarks being one of the fastest growing rural areas in the United States and the economic development along this corridor, have become evident in this area and indicates a critical need for increased highway capacity. Joplin is ranked as Missouri's fourth largest urban area behind St. Louis, Kansas City, and Springfield, respectively. Joplin, Missouri and the Rogers/Springdale, Arkansas area continue to grow as major national motor carrier hubs. Projections based on the 1980 and the estimated 1990 census indicate that the three counties involved in this project from Missouri, Jasper, Newton, and McDonald, are continuing to grow. The increases are displayed on the following page.

| County | 1970 | 1980 | EST. 1990 | PROJ. 2010 |
|---|---|---|---|---|
| Jasper | 79,852 | 86,958 | 92,554 | 101,121 |
| Newton | 32,981 | 40,555 | 44,980 | 53,412 |
| McDonald | 12,357 | 14,917 | 16,326 | 18,554 |

Joplin, Carthage, Neosho, Rogers, and Springdale continue to develop as major employment centers indicating high commuter traffic between these areas.

We believe that transportation in general throughout our nation and Arkansas and Missouri in particular are the key to success. All of us enjoy the convenience and economic benefits of a first rate transportation system. But we must continue to invest in our transportation system to compete in the global marketplace. Please consider our strong support and plea to fund this important project.

Thank you again for allowing Leggett & Platt the opportunity of commenting on these important issues to our region and to our nation. I'd be happy to answer any questions that you may have.

LGB/cdd

STATEMENT OF

ANN HINES

BOARD OF DIRECTORS

ARKANSAS HIGHWAY USERS CONFERENCE

HOUSE PUBLIC WORK AND TRANSPORTATION COMMITTEE

SUB-COMMITTEE ON SURFACE TRANSPORTATION

HEARING ON THE

REAUTHORIZATION OF THE POST

INTERSTATE SURFACE TRANSPORTATION PROGRAM

FORT SMITH, ARKANSAS

APRIL 22, 1991

Mr. Chairman and members of the Committee, my name is Ann Hines. I appear before you today as a member of the Board of the Directors of the Arkansas Highway Users Conference. I am pleased to share with you the views of the Arkansas Highway Users Conference in regards to the need to reauthorize the Federal-aid Highway Program.

The Arkansas Highway Users Conference is a coalition of state associations and businesses working to improve the safety and efficiency of the state and federal highway transportation system.

Our members and other highway users across the country have paid the highway user taxes which have allowed our nation to build a first class highway system which has enabled our businesses and the nation's economy to prosper. Our capital investment in the Interstate System has had a major impact in improving the nation's productivity and in making the roads safer for the highway user whether he be an over the road commercial carrier or the neighbor next door sight-seeing and vacationing across our country.

We are reaching the end of an era, in just a short time -- the Interstate System, which was started a little over 30 years ago will be completed. However, the job has not been finished, we are simply finishing another chapter in the history of our great nation. As we look forward to the next 30 years, we have a big challenge. We have a tremendous capital investment in the nation's highway system which must be preserved. We have changed from a rural society to an urban society. It was almost ten years ago in 1983 that the citizens of the United States and the Congress came to the conclusion that we had

many unresolved needs in our highway transportation system. The result was an increase in the federal motor fuel tax which was dedicated to the Highway Trust Fund. Highway users agreed to and worked for this tax increase because they knew that their tax dollars would truly be used to preserve and improve our highway transportation system. This pay-as-you-go method of road financing had after all provided us with the world's safest and most efficient highway transportation system.

This trust between highway users and the Congress was breached last October when the Congress increased the motor fuel tax by 5 cents per gallon with half of this increase now going to the general fund for deficit reduction purposes. Actually, the trust was breached before this ill-conceived idea passed the Congress last fall. Highway users in the last few years have not been reaping the full benefits of the taxes paid each year. As these highway user taxes went unspent, the trust fund balance was allowed to build to levels beyond reasonable reserves that should be in this account.

The highway program has not been funded at the levels that Congress agreed to in both the 1982 and 1987 highway bills. As Congress delays the spending of our tax dollars, we eventually receive less because the spending value of these dollars in the future is diminished due to inflation. We believe Congress needs to correct this breach of faith with highway users, put the trust back in the trust fund and highway user taxes by spending them in a more timely manner and by correcting the error committed last fall when half of the nickel increase was allowed to go the general fund. These funds can do the nation far more good in the highway program

when they are spent in a timely fashion creating jobs directly and indirectly as these dollars turn over through the economy while at the same time we make the necessary improvements in our highway system that will help us to be more competitive with the rest of the world by helping improve our productivity.

We need to spend more on highway system. On a constant dollar basis, our spending levels have been as low as any since the nickel gas tax increase in 1983. Inflation has resulted in these "stable" dollars actually buying 25 percent less road today than in 1983. At the same time, highway traffic is up nearly 27 percent since 1983.

We all were in agreement in 1983, both highway users and the Congress that our nation had a highway transportation system need. This need has not magically disappeared in the last 8 years, it has continued to grow as our highway system has continued to deteriorate resulting in additional costs to our nation's businesses and industries along with a decline in service -- a real loss of productivity.

That is the bad news. However, there is some good news on the horizon if the right decisions are made. Congress has the opportunity to put America back on track. An increase in public capital spending on our highway system will allow the private sector to improve its productivity and profitability so that our nation's businesses and industries are again competitive in this world economy. The Highway Trust Fund is approaching the $20 Billion mark. These dollars should be put to work for America -- the trust fund really only needs a balance of 2 to 3 Billion dollars, the approximate level of the fund in 1970 when it had a balance of $2.6

Billion. The spending down of the Trust Fund balance along with the guaranteed stream of revenues from highway users will allow Congress to authorize a highway program at levels 50 percent higher for the period of this highway bill than what our investment has been in recent years. And this is possible with no increase in taxes to the highway user -- we simply need to fully utilize the taxes already paid by highway users.

I want to regress for a minute. The Arkansas Highway Users Conference continues to oppose the diversion of highway users taxes for non-highway purposes. This idea is ill-conceived, we need to put our highway user taxes to work to spur on the productivity of our nation so that we can again compete competitively in this world economy. It was a bad idea last fall and it is still a bad idea and will be a bad idea in the future.

Over the past four years, highway users in Arkansas and across the country have been involved in assessing our future needs. The Transportation 2020 process was very fruitful. The more than 3,000 witnesses at the 65 public forums across the country provided a wealth of knowledge that can assist our nation in developing a future highway program to meet our future needs.

We applaud the Administration for its efforts to develop a transportation program to help meet our future needs. Most of this plan is good, it can be made better. As one example, we believe the funding levels should be increased. The plan really needs a little fine-tuning. We ask you to carefully consider the needed refinements. We ask you and the Congress to keep in mind that the clock is ticking -- the October 1st deadline draws ever closer. We

cannot let the clock tick away putting even further behind the world in our effort to compete in this world economy. The reauthorization of this program so vital to our nation's overall well-being cannot be treated as a step-child. It must be given prompt consideration and needs immediate action to meet the October 1st deadline.

Mr. Chairman, I thank you for the opportunity to share our concerns with you and the members.

# # # #

BUDDY ROEMER
GOVERNOR

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REMARKS
FOR PRESENTATION
TO THE U.S. HOUSE OF REPRESENTATIVES
PUBLIC WORKS AND TRANSPORTATION
SURFACE TRANSPORTATION SUBCOMMITTEE

GOVERNOR BUDDY ROEMER
April 22, 1991

Ladies and Gentlemen:

Thank you for this opportunity to provide comments on behalf of the State of Louisiana in support of the Mid-America Access Project to extend I-49 from its current terminus in Shreveport all the way to Kansas City and possibly beyond. I have asked Stu Bach of the Shreveport Chamber of Commerce to present these remarks in my absence.

As you are probably aware, I-49 (in Louisiana) is nearing completion. It links I-10 and south Louisiana to I-20 in northwest Louisiana, and provides a significnt north-south artery not only for our citizens, but for the movement of goods and services through our State. It is my understanding that I-49, or a similar four-lane divided highway, could receive federal funding either as a specifically designated demonstration project, or under the proposed National Significant Highway System, currently being considered in Congress in the Surface Transportation Act and Relocation Assistance for 1992. Louisiana would prefer to have the project designated as a demonstration project, which would allow for the more expeditious completion of the entire project. Timing is crucial, and this request is urgent. Therefore, I respectfully request that you take positive action now so that this important economic development tool can be put in place in the very near future.

While the Shreveport-Kansas City linkage would benefit Louisiana, this project is not for our State alone. The completion of I-49 from northwest Louisiana to Kansas City, Missouri, will provide an economic "boom" for the five-state area (Louisiana, Texas, Arkansas, Oklahoma and Missouri), as well as provide incentives to business and industry located in the entire area and will spur economic development throughout the region. This project and the Red River navigation project will make it possible to capitalize on the business opportunities presented by the central states which this highway will serve and to which access will be provided. I, and the entire Louisiana delegation, want to encourage you and work with you in seeing that this very critical interstate project is authorized and funded in the 1992 Surface Transportation Act.

Thank you for your time and consideration in this very important matter.

STATEMENT TO SURFACE TRANSPORTATION SUBCOMMITTEE

ANALYSIS OF U.S. HIGHWAY 71 NEEDS

FORT SMITH, ARKANSAS

APRIL 22, 1991

BY REGINA WALKER, PRESIDENT
MENA/POLK COUNTY AREA CHAMBER OF COMMERCE

Chairman Mineta and members of the Committee, I sincerely appreciate the opportunity to submit a written testimony for the Committee record concerning the need for U.S. Highway 71 improvements.

Our county has a population in excess of 17,000 and the largest city in the county, Mena, has a population of 5,475. We are located in west/central Arkansas some 80 miles from the nearest interstate or four-lane divided highway.

Citizens and existing business and industry of this rural Western Arkansas community are extremely interested in the improvements of U.S. Highway 71. A large portion of the State's other highway systems seem to be met; while, we, in Western Arkansas have to contend with the narrow, winding, and hazardous conditions of U.S. Highway 71 from Greenwood, Arkansas; near Fort Smith, to Ashdown, Arkansas; near Texarkana.

I'll never forget the comparison that J.B. Hunt of J.B. Hunt Trucking made at meeting concerning the need for highway improvements in Western Arkansas. He compared driving on

45-155 O—91——77

U.S. Highway 71, from Fort Smith to Texarkana, to the low crawl under barbed wire while in the Army. He wasn't sure if he was going to make it.

Arkansas is very dependent upon industries such as Wal-Mart, J.B. Hunt, Tyson, Emerson Electric, and many other smaller firms, located in Northwest Arkansas, and it is detrimental to their continued success that an adequate highway system be available. Interstate 49 would be the ultimate solution, but due to the cost, land acquisition, longevity of building, and many other factors; the continuation of the existing four-lane divided highway with limited access control would meet our needs and provide a safe and desirable transportation route for existing industry while meeting the criteria of industries pursuing a location, and still maintain the aesthetic beauty of our part of the "natural state."

We in Mena/Polk County are blessed with natural beauty. We have Mid-America's only official scenic drive, known as Talimena Scenic Drive, and recently acquired a new state park known as the Cossatot River State Park Natural Area, which is being considered for National status. Randomly easy access to these scenic attributes would enhance their popularity and help the economic conditions of this western and southwestern part of the state.

It is my understanding that the Highway Trust Fund has uncommitted funds. Your favorable consideration for

appropriation of these funds for the extension of the existing four-lane highway from Greenwood, Arkansas, to Ashdown, Arkansas, would secure the economic future of rural Western Arkansas.

It is imperative that we have an adequate and safe highway system to accommodate industry. Studies by the Missouri Department of Economic Development show that transportation is the third most important factor to companies considering a location.

I want express my appreciation to Congressman Hammerschmidt for the opportunity to stress the significance of an improved highway system in Western Arkansas and for bringing the committee to the most beautiful part of the state.

# AN ECONOMIC IMPACT STUDY

# 1990/2010

## INTRASTATE CORRIDOR SYSTEM

SOUTHWEST ARKANSAS PLANNING & DEVELOPMENT DISTRICT, INC.

# ECONOMIC IMPACT STUDY

# 1990 - 2010

## INTRA-STATE CORRIDOR SYSTEM

## JUNE 1, 1988

PREPARED IN COOPERATION WITH

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
SOUTHWEST ARKANSAS PLANNING & DEVELOPMENT DISTRICT
WHITE RIVER PLANNING AND DEVELOPMENT DISTRICT

SWAPDD Inc.

Southwest Arkansas
Planning & Development District, Inc.

P. O. Box 767 — 600 Bessie St.
Magnolia, Arkansas 71753
(501) 234-4030

Calhoun
Columbia
Dallas
Hempstead
Howard
Lafayette
Little River
Miller
Nevada
Ouachita
Sevier
Union

May 11, 1988

Arkansas Highway Commission
Arkansas Highway and Transportation Department
P. O. Box 2261
Little Rock, AR 72203

Dear Commissioners:

The member counties of the Southwest Arkansas Planning and Development District Inc. are pleased to submit for your consideration this report entitled "An Economic Impact Study-Intrastate Corridor System-1990/2010." Southwest Arkansas is rich in opportunity and possesses many of the assets necessary to foster healthy economic growth and development.

Fundamental to this interest is our desire to preserve our existing job base as well as to offer the enrichment opportunities demanded of our highly educated and technically skilled youth soliciting challenging positions in the job market. The baseline of our future is what we provide in the way of opportunity for our leaders of tomorrow. We all too often invest in advanced educational achievement and export our greatest resource through denial of opportunity.

Opportunity responds to a multitude of factors. One asset in isolation seldom creates a force for change or an environment on which to build. The factors involved in stimulating economic development can perhaps be grouped in order of importance, but certainly not isolated singularly. The evidence presented within this report does verify the dominant importance of transportation access into and out of the surrounding markets of interdependency. Southwest Arkansas has the attitude, the resources, and the developmental willingness to move forward with progressiveness and fortitude. The attributes complemented by an improved corridor system would open our access to the major intra/inter state market networks that serve to complement mutual opportunities to enhance economic development and to further the diversification of job options essential to our future.

Bill Wylie, County Judge
Calhoun County

Howe Horn, County Judge
Little River County

R. W. Henderson, County Judge
Columbia County

Wiley Parham, County Judge
Miller County

Wylie Faucett, County Judge
Dallas County

Bobby Taylor, County Judge
Nevada County

Buddy Smith, County Judge
Hempstead County

Alfred Smith, County Judge
Ouachita County

Clyde Green, County Judge
Howard County

O. H. Durham, County Judge
Sevier County

Jesse Sanders, County Judge
Lafayette County

Mike Dumas, County Judge
Union County

## ACKNOWLEDGEMENTS

Special recognition is given to Charles E. Venus, Ph.D., President of B.I.E., Incorporated, of Little Rock, for his expert advice and assistance in the preparation of this economic impact study. Dr. Venus provided invaluable comments, direction and review these past months.

Other individuals contributing to the development of the analysis process and providing support assistance included Phillip Taylor, Ph.D., Bureau of Business and Economic Research, College of Business Administration, University of Arkansas at Fayetteville, and Daniel R. Hoyt, Ph.D., Director of the Transportation Management Program at Arkansas State University, Jonesboro. Jesse Buffington, Ph.D., Research Economist, of the Texas Transportation Institute, Texas A & M, College Station, Texas, provided numerous reports and studies conducted in Texas on the development before, during, and after four lane and bypass transportation construction.

Areas 5 and 6 of the Arkansas Louisiana Gas Company in Southwest Arkansas assisted in the collection of survey data of the manufacturers through site visits, and are gratefully acknowledged.

The Arkansas Power and Light Company-Team Work Arkansas provided financial support, for which we are very grateful.

We appreciate the support and interest of the local communities, area leaders, chambers of commerce, and the elected officials of Southwest Arkansas.

# ECONOMIC IMPACT STUDY - 1990 to 2010

## INTRASTATE CORRIDOR SYSTEM

## SOUTHWEST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT

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# EXECUTIVE SUMMARY AND REVIEW

## An Economic Impact Study - 1990 to 2010

## Intrastate Corridor System

by Dr. Charles E. Venus

Consulting Economist

The following report is an effort to quantify the economic impacts of a highway corridor system in Arkansas for the Southwest Arkansas area. Estimates include projections of population, employment, income and state revenue. The methodology for the analysis was chosen as constrained by time and resources available and to address the primary impacts of interest.

Although the projection parameters are fairly conservative, and comparable to the before-during-after impacts noted in the literature review section, the actual population change, income change, job growth, and state revenue increases are very large. But these are the benefits that good levels of compounded economic growth deliver, this is why people the world over pursue them.

The specific benefits projected for the Southwest Arkansas Planning and Development District are:

* Economic growth, as measured by population, employment and income increases, will increase at a compounded annual rate of approximately 2.36 percent above trend for the first ten years, and for approximately 1.50 percent above trend for the following five years.

Specific impacts for the District are as follows:

* Population in 2005 will be some 73,000 greater, and in 2010, some 101,000 greater than it would have been without the highway impacts.

* Total employment will be almost 30,000 greater in 2005, and almost 42,000 greater in 2010 than without the highway impacts.

* Total personal income will be increased by about $2.4 billion in 2005, and over $3.8 billion in 2010 above the historical trend. (This area now has total personal income that is about ten percent of the state total. Its proportion will increase to about 10.6 percent in the 2005 to 2010 years - state total personal income of about $29 billion will, by the year 2010 which is 22 years in the future, be approximately $85 billion).

* State revenues will be increased by some $164 million in the year 2005, and $255 million in 2010, above what they would have been without the highway impacts. (Although the total state revenue collections, general and special, would be much larger in those years, on the order of $4 billion in 2010, this impact will amount to between four and six percent of the then revenue collections, resulting from the highway impacts).

While these overall impacts are likely, and can also be distributed among counties - which assumes each county is similarly impacted - they are intentionally not route specific. This is for two reasons:

(1) Although the routes in the corridor improvements are known, they may or may not be completed, and certainly will not be completed at one time. The timing of the improvements at specific locations is not known. Also,

(2) It is well recognized that some improved highways have extremely high economic impact, while others seem to have little or no impact - which is likely the result of the community's attitudes and other economic factors.

That economic impacts are likely but not guaranteed, is evidenced by the two Arkansas examples used to calculate the expected impact of the new corridors. As explained in the methodology section, the historical experience of the Searcy area and the Forrest City area were combined to attain an "average" impact. The results were then compared to other impact studies, particularly the before-during-after studies completed in Texas. The projected impacts in Arkansas using the "average" were generally comparable to the finding of the Texas studies.

The projected impacts may be too conservative - certainly in some areas - but they may also not be attained in other areas. But unless the nature of transportation in the United States undergoes basic changes there is ample evidence of the necessity of good highways to achieving high

levels of economic growth. There are examples of successful growth without good highways, but they are the exception.

The time and financing constraints for completing this impact analysis precluded the analysis of other variables that will be impacted by improved highways. It will appear, however, that the changes in population, employment, income, and state revenues are the primary impact variables of interest to both the general public and to state government.

ECONOMIC IMPACT STUDY - 1990 to 2010

INTRASTATE CORRIDOR SYSTEM

SOUTHWEST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT

## INTRODUCTION

This report, An Economic Impact Study of the Intrastate Corridor System 1990-2010, has its origin in the following set of events. In January 1988, the Arkansas State Highway and Transportation Department presented an "Economic Development Corridor Improvements" concept for evaluation to determine its viability and potential as a force to enhance the economic development of our state. The concept will affect all aspects of the Arkansas economy directly or indirectly since improved transportation will have numerous benefits, such as decreased travel time, improved accessibility to markets, and increased employment.

The corridor improvements program, as outlined by AHTD, proposed connecting all cities with a population of 10,000 or more with a four lane highway and connecting all cities with a population of 5,000 or more within twenty years, with a four lane system. As a part of the proposal, a tourist and commodity flow network would be established to enhance access to major tourist generators and to link all major market flow routes to the corridor system. Specific routes were identified which would be upgraded as a result of this improvement program.

When the corridor concept was publicized, it was viewed with interest by many individuals and groups, among them the Arkansas Good Roads and Transportation Council. The AGRTC approached the planning and development districts with the request that they determine the economic impact of an intrastate four lane corridor system for their respective areas of the state.

In light of this request and as a result of expressed interest on the part of many persons within the Southwest District, Southwest Arkansas Planning and Development District concurred. Since time was short and staff limited, Southwest Arkansas Planning and Development District joined with White River Planning and Development District and East Arkansas Planning and Development District to utilize a team approach to conduct the analysis, an approach which would take advantage of the shared experience and resources available.

The report as finalized is an effort to evaluate the degree of economic impact that would ultimately be realized in Southwest Arkansas from a highway capital improvement program sponsored by the State of Arkansas; a program designed to upgrade the state's primary intrastate highway network to a four lane corridor system. The field of the study is limited to the twelve county area comprising the Southwest Arkansas Planning and Development District. It is, however, dependent upon the studies prepared by the other participants representing the remaining portion of the state. A fully operational corridor is contingent upon a

four lane system which interconnects with other segments to fully create a comprehensive intrastate transportation network.

This study purposely did not predicate the specific corridor routes that were identified by the Arkansas State Highway and Transportation Department as the primary segments that would be upgraded in accordance with ASHTD's proposed three-tiered improvement plan. A non-route specific study allowed the flexibility to evaluate the merits of the proposed system as well as any alternatives that might be considered within a given socioeconomic or political setting.

The flexibility to comparatively analyze these alternatives was built in by virtue of two decisions clearly formulated as a basis of the study approach. It was determined to assess the economic impact of an intrastate corridor system on an equal county-by-county basis. The second decision was to develop a survey of business and industry designed in such a way as to elicit information regarding directional route flows for incoming raw materials and outgoing products as determined by the existing business and industrial operations which comprise the Southwest Arkansas economic base.

The first decision--to assess the economic impact at the county level--allowed the study to reflect the direct impact that a four lane corridor would have in each county if a corridor were developed in that county or within timely access of the

principal city of each county. It also provides a basis for measuring the impact for the defined study area, the Southwest Arkansas region, as well as cumulatively for the state as a whole.

The intent of the second decision was not to identify specific route segments, but to identify the market regions which support the economy of the area. The survey of manufacturers provided the local input of the region to determine the internal and external market flow.

This study utilized a simplified format and methodology for reasons of necessity and design: of necessity, since the report was prepared under an assigned time constraint of roughly 75 days, and, of design, because the full study, from methodology through assumptions and analytical applications, is intended to be easily understood and readily usable by all of the people for whom this report is ultimately prepared. These are the people who collectively represent the interests of the area and who will make the final decision as to what improvements are necessary, to the existing transportation system, to both support and enhance the economic direction Southwest Arkansas wishes to take.

This report is submitted to the leaders of Southwest Arkansas as a basis from which to negotiate a final, segment specific

improvement program to upgrade the transportation facilities throughout our region of the state in an attempt to advance our economic potential in the national and world marketplace. Transportation improvements have a large potential to impact Southwest Arkansas. In combination with the other prerequisites of economic growth--improved educational opportunities, a productive workforce, adequate physical infrastructure, and more importantly, leadership from the local level--transportation improvements will allow the people of Arkansas to redouble their economic development efforts in order to create a stronger, more vital economy for the future.

One closing point must be emphasized: we have conducted, in a short period of time, a logical and reasonable analysis of the resultant impacts that can be expected from a definite course of action; we cannot and will not make major decisions concerning route specific locations that set and direct the future of our area for years to come without the time to fully incorporate the thinking and desires of those whom we work for and with as part and parcel of the process.

It gives us great pleasure to present this document to the elected officials and representatives of Southwest Arkansas and through them to the people at large. We are confident that it will serve as the basis to define the course of direction for our area that best satisfies the transportation support needs required to stimulate the advancement of our inherent economic potential.

## CORRIDOR PROPOSAL IMPACT

The original approach of the study was to identify those counties within Southwest Arkansas Planning and Development District that had an obvious potential impact from the construction of the four lane corridor improvements program. After some thought, it was decided to look at all the counties with the assumption of enhancement, if a four lane road was constructed within or near proximity to a county. The more rural counties of the region, without direct impact, would benefit from any road improvement construction in adjoining counties under positive impact circumstances.

The March 11, 1988 Information Release from the Office of the Director of the Arkansas State Highway and Transportation Department stated that currently proposed four lane highways, identified on the Economic Development Improvements Program map, may be eliminated, changed, or others added. At this time, it is anticipated that the routes might well be modified.

In the preliminary analysis, consideration was given to cities already located on existing four lane arterial roads. It was determined necessary to examine communities reasonably comparable to the specific area of study. Metropolitan areas, such as Little Rock or Fort Smith, were not as relatable as

communities of nearer size, for example, to the cities situated on the proposed four lane corridors.

The City of Searcy, located in White County, and Forrest City, in St. Francis County, stood out in the comparative study. Superficially, it was not expected that the two communities would project similar patterns, but during the data analysis, growth trends appeared within each set of data, which transmitted similar trends. As a result of this methodology, Searcy/White County and Forrest City/St. Francis County statistics indicated a pattern of growth, which could be replicated to other communities, with established parameters. The methodology section details the analysis used.

The corridor proposal impact will be relevant, in a large part, to the other factors present in the given situations. Sound physical infrastructure, a skilled workforce, well-managed natural resources, accessibility to technology, quality of life, a solid fiscal and tax structure, and the availability of development tools are the resources the counties have to develop in preparation for economic growth. Effectively managed local governments and strong leadership, with good transportation, improved education, and a high quality of life at reasonable tax rates are the first steps to be taken toward making local economies competitive.

The enhancement analysis was conducted with a conservative "at best" philosophy to determine impact if the other factors were in place within a community or area. It is noted that some areas are more advanced in their development of other elements affecting the quality of life, and therefore can expect a higher level of impact. The following table delineates this philosophy, applied to population and per capita personal income for the twelve counties of the District, and applied to total personal income and state tax revenue on a District level.

Data analysis principals dictate the larger the sample base, the more accurate the application of the trend projections. The size of the sample base data at the county level was not large enough for accurate projections. For that reason, the District level was used in the final analysis to determine regional enhancement of the state tax revenues.

POPULATION / PER CAPITA INC. URBAN TRENDS
SOUTHWEST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
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| | YEAR | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | HISTORIC | | | | | PROJECTION | | | |
| LOCALITY | 1960 | 1970 | 1980 | 1985 | 1990 | 1995 | 2000 | 2005 | 2010 |
| CALHOUN CO. POP. | 5,991 | 5,573 | 6,079 | 6,261 | 6,452 | 6,619 | 6,786 | 6,891 | 7,011 |
| ADJUST. PROJ. | 5,991 | 5,573 | 6,079 | 6,261 | 6,452 | 6,619 | 7,385 | 8,648 | 9,446 |
| PER CAPITA INC. | $908 | $2,000 | $5,454 | $7,328 | $8,184 | $9,489 | $10,734 | $12,099 | $13,490 |
| ADJUST. PROJ. | $908 | $2,080 | $5,454 | $7,328 | $8,184 | $9,489 | $11,368 | $14,753 | $17,132 |
| COLUMBIA CO. POP. | 26,400 | 25,952 | 26,644 | 27,162 | 27,623 | 27,994 | 28,243 | 28,342 | 28,441 |
| ADJUST. PROJ. | 26,400 | 25,952 | 26,644 | 27,162 | 27,623 | 27,994 | 31,706 | 35,727 | 38,587 |
| PER CAPITA INC. | $1,292 | $2,443 | $7,116 | $9,984 | $10,932 | $12,693 | $14,454 | $16,215 | $17,976 |
| ADJUST. PROJ. | $1,292 | $2,443 | $7,116 | $9,984 | $10,932 | $12,693 | $16,024 | $19,767 | $23,055 |
| DALLAS CO. POP. | 10,522 | 10,022 | 10,515 | 10,728 | 11,020 | 11,229 | 11,419 | 11,556 | 11,693 |
| ADJUST. PROJ. | 10,522 | 10,022 | 10,515 | 10,728 | 11,020 | 11,229 | 12,808 | 14,529 | 15,783 |
| PER CAPITA INC. | $1,053 | $2,232 | $6,360 | $8,295 | $9,342 | $10,837 | $12,321 | $13,826 | $15,320 |
| ADJUST. PROJ. | $1,053 | $2,232 | $6,360 | $8,295 | $9,342 | $10,837 | $13,672 | $16,858 | $19,655 |
| HEMPSTEAD CO. POP. | 19,661 | 19,308 | 23,635 | 24,843 | 26,168 | 27,577 | 29,002 | 30,583 | 32,163 |
| ADJUST. PROJ. | 19,661 | 19,308 | 23,635 | 24,843 | 26,168 | 27,577 | 32,413 | 38,004 | 42,521 |
| PER CAPITA INC. | $950 | $2,341 | $6,655 | $9,132 | $9,957 | $11,584 | $13,211 | $14,838 | $16,465 |
| ADJUST. PROJ. | $950 | $2,341 | $6,655 | $9,132 | $9,957 | $11,584 | $14,644 | $18,062 | $21,167 |
| HOWARD CO. POP. | 10,878 | 11,412 | 13,453 | 13,886 | 14,383 | 14,909 | 15,467 | 16,093 | 16,720 |
| ADJUST. PROJ. | 10,878 | 11,412 | 13,453 | 13,886 | 14,383 | 14,909 | 17,314 | 20,082 | 22,269 |
| PER CAPITA INC. | $1,230 | $2,413 | $7,750 | $11,698 | $12,563 | $14,652 | $16,741 | $18,830 | $20,919 |
| ADJUST. PROJ. | $1,230 | $2,413 | $7,750 | $11,698 | $12,563 | $14,652 | $18,553 | $22,938 | $26,799 |
| LAFAYETTE CO. POP. | 10,030 | 10,018 | 10,213 | 10,331 | 10,444 | 10,551 | 10,623 | 10,681 | 10,740 |
| ADJUST. PROJ. | 10,030 | 10,018 | 10,213 | 10,331 | 10,444 | 10,551 | 11,928 | 13,462 | 14,561 |
| PER CAPITA INC. | $1,053 | $2,408 | $6,020 | $8,209 | $9,114 | $10,558 | $12,002 | $13,445 | $14,889 |
| ADJUST. PROJ. | $1,053 | $2,408 | $6,020 | $8,209 | $9,114 | $10,558 | $13,308 | $16,397 | $19,109 |
| LITTLE RVR CO. POP. | 9,211 | 11,194 | 13,952 | 14,760 | 15,636 | 16,522 | 17,363 | 18,240 | 19,117 |
| ADJUST. PROJ. | 9,211 | 11,194 | 13,952 | 14,760 | 15,636 | 16,522 | 19,407 | 22,684 | 25,314 |
| PER CAPITA INC. | $995 | $2,694 | $6,095 | $8,655 | $9,531 | $11,045 | $12,560 | $14,074 | $15,588 |
| ADJUST. PROJ. | $995 | $2,694 | $6,095 | $8,655 | $9,531 | $11,045 | $13,906 | $17,163 | $20,003 |
| MILLER CO. POP. | 31,686 | 33,385 | 37,766 | 39,551 | 41,375 | 43,034 | 44,601 | 45,939 | 47,277 |
| ADJUST. PROJ. | 31,686 | 33,385 | 37,766 | 39,551 | 41,375 | 43,034 | 48,332 | 57,447 | 63,224 |
| PER CAPITA INC. | $1,127 | $2,815 | $6,784 | $9,301 | $10,335 | $11,973 | $13,612 | $15,250 | $16,889 |
| ADJUST. PROJ. | $1,127 | $2,815 | $6,784 | $9,301 | $10,335 | $11,973 | $15,093 | $18,598 | $21,574 |
| NEVADA CO. POP. | 10,700 | 10,111 | 11,037 | 11,351 | 11,618 | 11,904 | 12,191 | 12,524 | 12,848 |
| ADJUST. PROJ. | 10,700 | 10,111 | 11,037 | 11,351 | 11,618 | 11,904 | 13,674 | 15,838 | 17,224 |
| PER CAPITA INC. | $1,092 | $2,030 | $6,043 | $8,475 | $9,279 | $10,777 | $12,275 | $13,773 | $15,271 |
| ADJUST. PROJ. | $1,092 | $2,030 | $6,043 | $8,475 | $9,279 | $10,777 | $13,608 | $16,750 | $19,583 |
| OUACHITA CO. POP. | 31,641 | 30,836 | 30,541 | 32,244 | 34,037 | 35,813 | 37,434 | 39,162 | 40,831 |
| ADJUST. PROJ. | 31,641 | 30,836 | 30,541 | 32,244 | 34,037 | 35,813 | 41,924 | 48,773 | 54,247 |
| PER CAPITA INC. | $1,359 | $2,653 | $7,101 | $9,226 | $10,353 | $11,973 | $13,594 | $15,215 | $16,836 |
| ADJUST. PROJ. | $1,359 | $2,653 | $7,101 | $9,226 | $10,353 | $11,973 | $15,075 | $18,581 | $21,616 |
| SEVIER CO. POP. | 10,156 | 11,272 | 14,060 | 14,718 | 15,451 | 16,216 | 16,948 | 17,753 | 18,558 |
| ADJUST. PROJ. | 10,156 | 11,272 | 14,060 | 14,718 | 15,451 | 16,216 | 18,954 | 22,104 | 24,617 |
| PER CAPITA INC. | $1,063 | $2,337 | $6,476 | $9,180 | $10,068 | $11,701 | $13,333 | $14,965 | $16,597 |
| ADJUST. PROJ. | $1,063 | $2,337 | $6,476 | $9,180 | $10,068 | $11,701 | $14,780 | $18,241 | $21,283 |

POPULATION / PER CAPITA INC. GROWTH TRENDS
SOUTHWEST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
PAGE 2
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| | YEAR | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | HISTORIC | | | | | -+- | PROJECTION | | |
| LOCALITY | 1960 | 1970 | 1980 | 1985 | 1990 | 1995 | 2000 | 2005 | 2010 |
| UNION CO. POP. | 49,515 | 45,428 | 48,573 | 50,037 | 51,404 | 52,519 | 53,342 | 53,822 | 54,302 |
| ADJUST. PROJ. | 49,515 | 45,428 | 48,573 | 50,037 | 51,404 | 52,519 | 59,829 | 67,721 | 73,435 |
| PER CAPITA INC. | $1,707 | $3,272 | $8,334 | $11,767 | $12,824 | $14,841 | $16,857 | $18,874 | $20,890 |
| ADJUST. PROJ. | $1,707 | $3,272 | $8,334 | $11,767 | $12,824 | $14,841 | $18,633 | $23,022 | $26,817 |
| PERSONAL INCOME AND STATE TAX REVENUE ENHANCEMENTS | | | | | | | | | |
| CATEGORY | | | | | | | | | |
| TOTAL DIST. POP. | 226,391 | 224,571 | 246,534 | 255,872 | 265,621 | 274,967 | 283,469 | 291,587 | 299,706 |
| ADJUST. PROJ. POP. | 226,391 | 224,571 | 246,534 | 255,872 | 265,621 | 274,967 | 317,483 | 364,875 | 401,192 |
| PER CAPITA INC. | | | $6,994 | $9,745 | $10,714 | $12,416 | $14,116 | $15,811 | $17,504 |
| ADJUST. PROJ. | | | $6,994 | $9,745 | $10,714 | $12,416 | $15,652 | $19,284 | $22,468 |
| PERSONAL INCOME HIST. TREND- MILLIONS OF DOLS | | | $1,724 | $2,493 | $2,846 | $3,414 | $4,001 | $4,610 | $5,246 |
| PERSONAL INCOME ADJUST. PROJ- MILL. OF DOLS.. | | | $1,724 | $2,493 | $2,846 | $3,414 | $4,969 | $7,036 | $9,014 |
| PERSONAL INCOME ENHANCEMENT- MILLIONS OF DOLS | | | $0 | $0 | $0 | $0 | $968 | $2,426 | $3,766 |
| TOTAL SWAPDD STATE TAX REVENUE ENHANCEMENT - TOTAL DOLLARS..... | | | $0 | $0 | $0 | $0 | $65,423,638 | $163,985,274 | $254,705,588 |
| EMPLOYMENT ENHANCEMENT | | | | | | | | | |
| TOTAL DIST. POP. | 226,391 | 224,571 | 246,534 | 255,872 | 265,621 | 274,967 | 283,469 | 291,587 | 299,706 |
| ADJUST. PROJ. POP. | 226,391 | 224,571 | 246,534 | 255,872 | 265,621 | 274,967 | 317,483 | 364,875 | 401,192 |
| ENHANCEMENT OF POP. | 0 | 0 | 0 | 0 | 0 | 0 | 34,014 | 73,288 | 101,487 |
| EMPLOYMT. MULTIPLR. | .41 | .41 | .41 | .41 | .41 | .41 | .41 | .41 | .41 |
| TOTAL EMPLOYMENT ENHANCEMENT..... | 0 | 0 | 0 | 0 | 0 | 0 | 13,916 | 29,983 | 41,519 |

Source: • Research and Public Services - UALR
• Southwest Arkansas Planning and Development District
• Bureau of Business and Economic Research - College of Business Administration - University of Arkansas - Fayetteville

Note: Adjustment Projection Reflects Impact of Four Lane Corridor Development Through Each County.

-+- Base Year of Projection Calculation

See next page for Footnotes to Table

POPULATION / PER CAPITA INC. GROWTH TRENDS
SOUTHWEST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
PAGE 3
A:SWAPDPOP

FOOTNOTES TO TABLE:

1. County population figures from 1960 to 2000 supplied by Research and Public Services - UALR. using rate of change calculation, the District projected the population for the years 2005 and 2010.

2. Adjusted projection same data as cited in (1) above through 1995. Year 2000 to 2010 represent an annual growth rate of 2.36 percent applied to the rate of change for the historic trend from the 1995 base population for the decades of 2000 and 2005. The 2010 adjusted population represents an annual growth rate of 1.50 percent added to the historic trend from the base year of 2005.

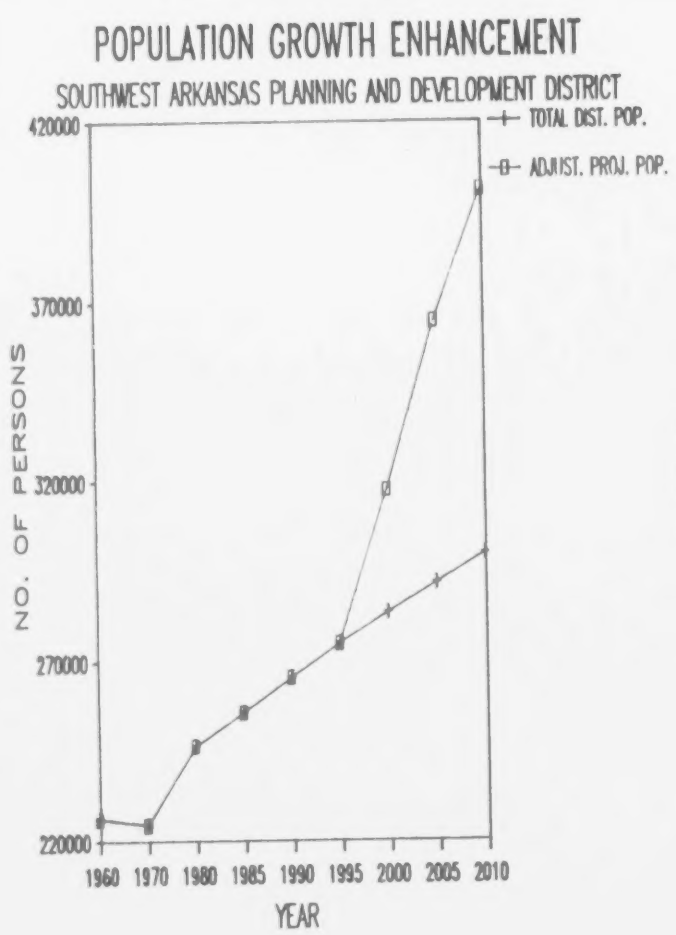
3. Per Capita income figures were derived from U.S. Census data for 1960, 1970, and 1980. These figures were projected to the year 2010 using a Linear Regression Model. Adjusted projections were calculated using the annual rates of growth discussed in (2) above, from the base year of 1995.

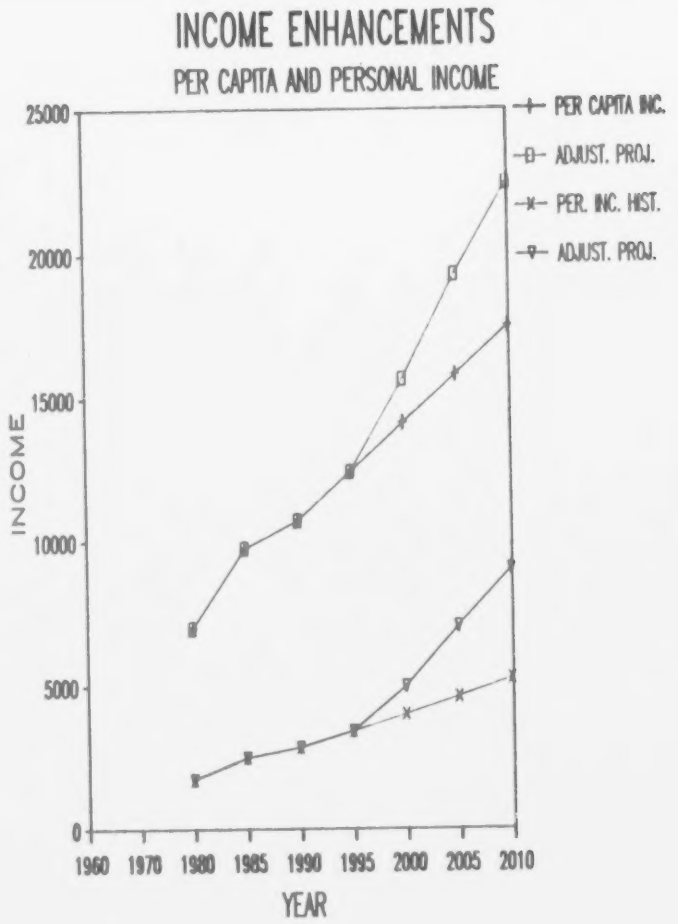
4. Total State Reenues were derived by applying a factor of .0676 to the difference between the historic trend and adjusted projection of Total Personal Income. This figure represents the enhancement created by corridor development.

   The factor of .0676 was obtaind from a model Dr. Phillip Taylor of the Bureau of Business and Economic Research - College of Business Administration - University of Arkansas, Fayetteville uses to predict increases in State revenue from increases in personal income in the State of Arkansas

5. Projections of employment increases were derived by applying a multiplier of .41 to the the difference between the District population projection from historic trends and the enhanced District porojection attributed to corridor construction.

   The multiplier was derived from the percent relationship total 1985 state employment is to total 1985 state population in 1985. This relationship was then applied to the total District population estimates to arrive at an estimate of employment increases that a corridor program would generate over normal expected growth.


POPULATION GROWTH ENHANCEMENT
SOUTHWEST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
TOTAL DIST. POP.
ADJUST. PROJ. POP.
NO. OF PERSONS
420000
370000
320000
270000
220000
1960 1970 1980 1985 1990 1995 2000 2005 2010
YEAR


INCOME ENHANCEMENTS
PER CAPITA AND PERSONAL INCOME
PER CAPITA INC.
ADJUST. PROJ.
PER. INC. HIST.
ADJUST. PROJ.
INCOME
25000
20000
15000
10000
5000
0
1960 1970 1980 1985 1990 1995 2000 2005 2010
YEAR

## Enhancement Adjustment

The impact of a four lane corridor system will vary from community to community due to differences in the natural, man-made, and labor resources available. Although conservative, the principal cities and counties within the District could expect to range close to the Forrest City/St. Francis County - Searcy/White County composite annual growth rate of 2.36 percent as a result of highway improvements.

Based on historical trends and projections obtained from Research and Public Services, University of Arkansas at Little Rock, both employment enhancement and state tax revenue enhancement were determined for the Southwest Arkansas Planning and Development District's area. The research assumed that a corridor system would pass through the county or would be accessible to the county. Built into the adjusted projections was the assumption the road construction would involve a number of years; and the initial impact would be realized during the decade from 1990 to 2000.

Total state revenues were derived from a factor obtained from a model used by Dr. Phillip Taylor, Director of the Bureau of Business and Economic Research, College of Business Administration, University of Arkansas at Fayetteville. This factor was applied to the difference between the historic trend

and the adjusted projection of Total Personal Income.

Using 1995 as the base year, the District's total state tax revenue enhancement for the Year 2000 would be $65,423,838; Year 2005 would be $163,985,274; and Year 2010 would be $254,705,588. This is based on the area's projected increase in personal income. The area's personal income enhancement from such an intrastate system was found to be as follows: Year 2000, $968 million; Year 2005, $2.426 billion; and Year 2010, $3.768 billion.

The population enhancement for Southwest Arkansas with a corridor system was found to be 34,014 in Year 2000; 73,288 in Year 2005; and 101,487 in Year 2010. In order to realize the total employment enhancement from a corridor system, a multiplier of .41 was used (based on 1985 state employment statistics). The total employment enhancement was found to be 13,916 in 2000; 29,983 in 2005; and 41,519 in 2010.

Although our study was conducted conservatively, the state tax revenue enhancements and employment enhancements indicated significant impacts for Southwest Arkansas. For example, if the total employment enhancement was divided evenly among the twelve counties in the area, a minimum of 1,000 jobs per county would be created during the initial impact period. In summary, job creation and the subsequent increases in personal income and state tax revenues would provide opportunities for economic growth with an intrastate system in place.

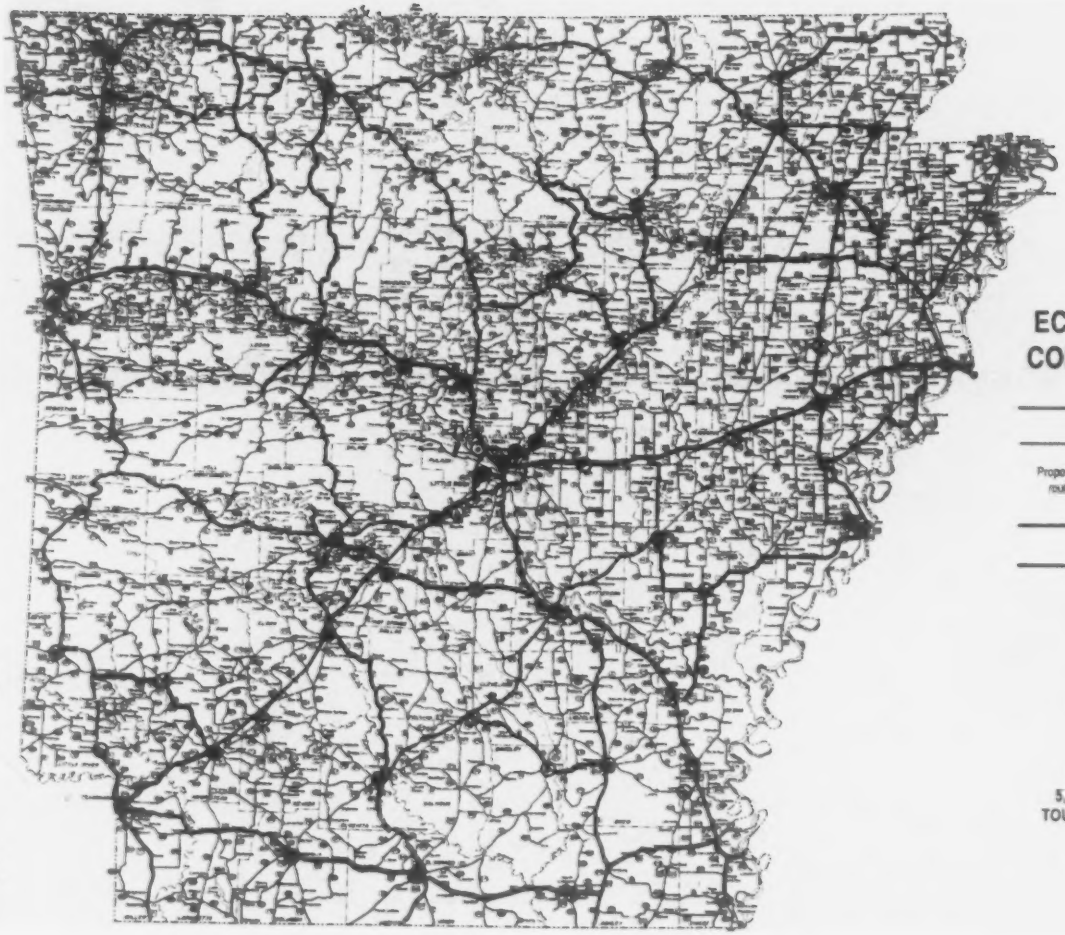
## EXISTING ROUTE PROPOSALS

In January of 1988, the Arkansas State Highway and Transportation Department released a preliminary version of an economic development corridor improvements program for the State of Arkansas. The program outlines a proposal that will connect all cities of 10,000 population or more with a four-lane facility; link all cities projected to be over 5,000 population by 2010 to the four lane system; and link all tourist generators and major commodity flow routes to the four lane arterial system.

The program is designed to improve the State Highway System's major highway network, and represents the need for road improvements as viewed by the industrial developers and other groups in the state. The program proposes to widen certain routes to four lanes, and to improve other routes by adding climbing or passing lanes.

The following map illustrates the proposed routes identified by the Arkansas State Highway and Transportation Department for the respective area within Southwest Arkansas.

# ECONOMIC DEVELOPMENT CORRIDOR IMPROVEMENTS



## ECONOMIC DEVELOPMENT CORRIDOR IMPROVEMENTS

EXISTING 4-LANE SYSTEM

PROPOSED 4-LANE SYSTEM

Proposed 4-lane system route locations are approximate only and the exact route locations are subject to change upon completion of corridor studies.

PROPOSED 3 LANE NETWORK

TOURIST AND COMMODITY FLOW NETWORK (2 LANE - WITH PASSING LANES AS NEEDED)

CITIES WITH 10,000+ POPULATION

5000+ POPULATION BY 2010

COST (PROPOSED 4-LANE SYSTEM + 5,000+ POPULATION BY 2010 NETWORK + TOURIST AND COMMODITY FLOW NETWORK)

**$1,977,000,000**

# ECONOMIC DEVELOPMENT CORRIDOR IMPROVEMENTS

## FACTS

- The program is designed to improve the State Highway System's major highway network.
- The program assumes that Arkansas will continue receiving Federal aid at the current rate and categories.
- All cities of 10,000+ population will be connected with a four-lane facility.
- All cities projected to be over 5,000 population within 20 years will be linked to the four-lane arterial system.
- All major commodity flow corridors will be linked to the four-lane arterial system.
- Enhanced access to major tourist generators will be provided.
- The present Ten-Year Rural Highway Construction Projects will be completed as planned.
- 72% of statewide vehicle miles traveled will be on the four-lane arterial system.
- Each $1.00 spent on construction generates approximately $2.5 in increased economic stimulations.
- 89% of the truck vehicle miles traveled will use the four-lane arterial system.
- 95.5% of total statewide population will be served.
- Over 125,000 new jobs will be created due to construction activity.

### COMMUNITIES WITH MANUFACTURING PLANTS BY HIGHWAY SERVICE (1986)

| | Number of Communities | Total Mfg. Employment | Avg. Mfg. Employment | Number of Plants | Average Number of Plants |
|---|---|---|---|---|---|
| With 4-lane | 59 | 89,542 | 1,518 | 1,048 | 17.8* |
| Without 4-lane | 232 | 134,393 | 579 | 1,497 | 6.5 |
| Statewide | 291 | 223,935 | 770 | 2,545 | 8.7 |

*Communities on 4-lane highways have approximately three times as many plants as communities on 2-lane highways.

## ACCESSIBILITY TO MARKETS

Southwest Arkansas is in a unique position within the state in its accessibility to many market areas. The region lies within the central market areas and to the west of the eastern market areas of the United States. Southwest Arkansas is located north and northeast of Dallas, Houston, Gulfport, Shreveport and New Orleans; southeast of Oklahoma City and Tulsa; west of Nashville, Knoxville, Atlanta, and Birmingham, and south and southwest of Indianapolis, Louisville, Springfield and Kansas City. These major market areas represent approximately 30 percent of the nation's population.

DISTANCE TO MAJOR MARKETS

Within Southwest Arkansas Planning and Development District, Interstate 30 runs through Miller, Hempstead, and Nevada Counties. The existing interstate is approximately an hour's driving time in relation to most of the region, with the exception of Union County. On the other hand, the southern border of the state is within an hour's driving time of Interstate 20, which runs through Louisiana. Interstate 20 provides access to an east/west flow. Interstate 30 offers split access, flowing predominately west/southwest on the bottom leg and north/northeast on the top leg. Through its unique location and accessibility to two different interstate systems, the Southwest Arkansas Planning and Development District is within ten hour's driving time of the following major market areas: Dallas, Texas; Houston, Texas; Shreveport, Louisiana; Oklahoma City, Oklahoma; New Orleans, Louisiana; St. Louis, Illinois; Mobile, Alabama; and Tulsa, Oklahoma.

For those growth centers located on or near Interstate 30, regional accessibility via the current highway network is not much of an issue. But to those communities located off the interstate system, distance and the quality of connecting routes accessing the interstate system present a real disadvantage in attracting manufacturing and service industries, and in transporting goods and services to major market areas on a timely basis. Overall, accessibility north to south through Southwest Arkansas to the interstate systems is considered fair to poor, and has in the past been a factor unfavorable to new



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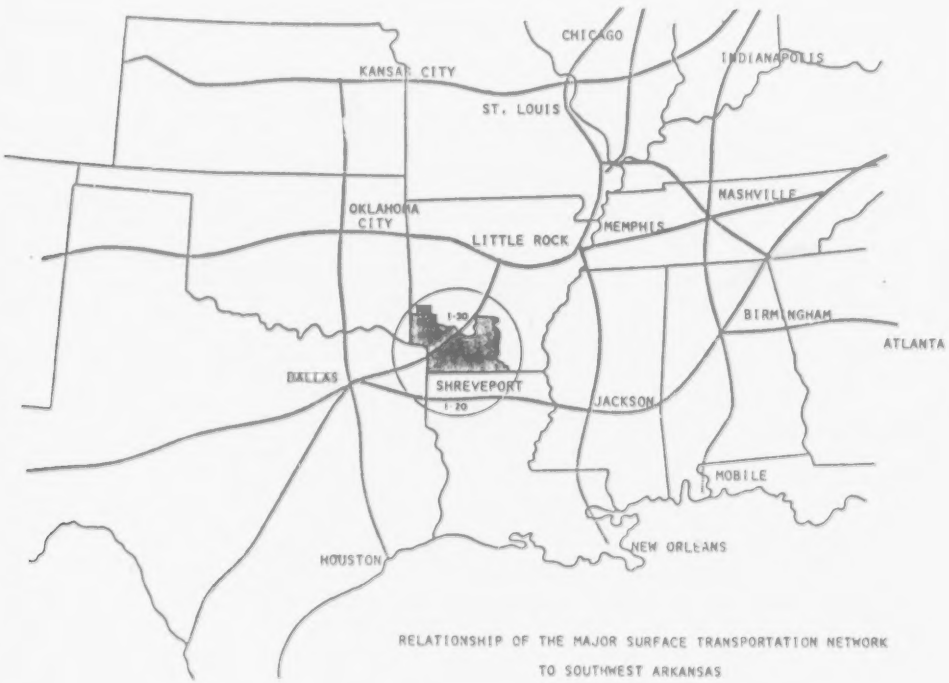
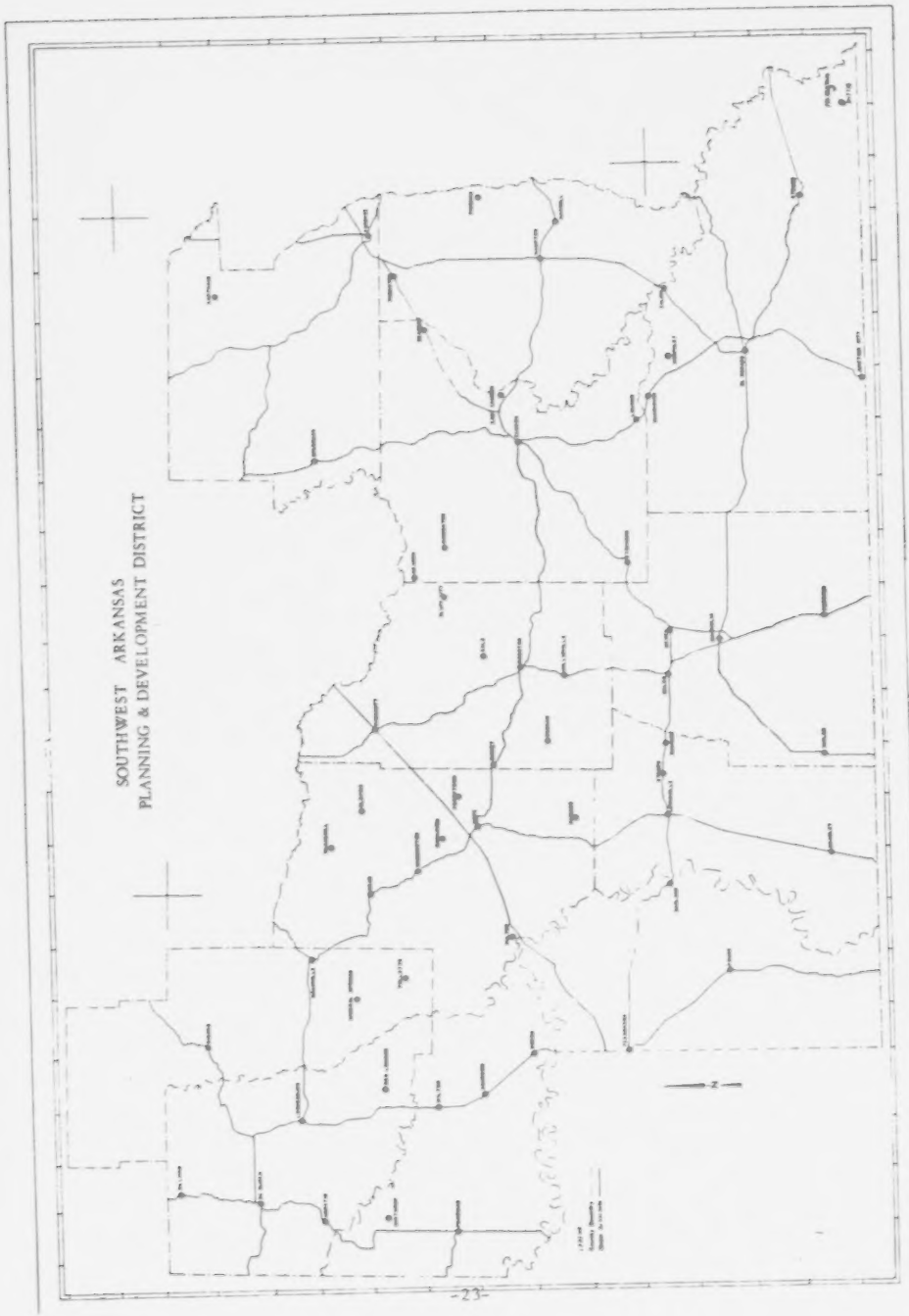
and satellite plants locating in the southwest portion of the state.

Any intrastate system flowing through Southwest Arkansas must be responsive to the needs of those industries using the highways in this area. The following map illustrates that Interstate 20 and Interstate 30 anchor any transportation system proposed for the area. As the regional map indicates, Interstates 20 and 30 give the area access to the major markets.




RELATIONSHIP OF THE MAJOR SURFACE TRANSPORTATION NETWORK TO SOUTHWEST ARKANSAS


SOUTHWEST ARKANSAS
PLANNING & DEVELOPMENT DISTRICT

## SURVEY METHODOLOGY AND RESULTS
## INTEREST INDICATOR FOR THE PROPOSED
## SOUTHWEST ARKANSAS ECONOMIC CORRIDOR SYSTEM

The interest survey for the proposed Southwest Arkansas Economic Corridor System was designed to measure: 1) the current usage of the present highway system in Arkansas by industries in our region; 2) the growth potential of these industries assuming a convenient access via a four lane highway to a major interstate system was in place; and 3) the major transportation limitations affecting the industries overall growth potential. The survey field included the industries within Southwest Arkansas, comprising a twelve county area, and listed in the 1987 Directory of Arkansas Manufacturers.

The survey was conducted as a team effort between Arkansas Louisiana Gas Company and the Southwest Arkansas Planning Development District, Inc. (SWAPDD). The survey instrument was prepared by the SWAPDD and developed based on the three main points addressed above. Personal interviews were conducted throughout the District in cooperation with Arkla Gas. Once completed, the surveys were reviewed and computed by the SWAPDD. A copy of the survey instrument is attached to this report on pages 30 and 31. It should be noted that the results reported are restricted to the actual number or percentage of the industries responding by county, and not based on the entire sample area.

In order to measure the current usage of the present highway system by industry, we examined the different modes of transportation used to receive raw materials and supplies, as well as comparing points of origin. Questions 4-6 from the survey form address this issue. The majority of those surveyed reported that the raw materials and supplies received are transported via incoming trucks. Of the 96 industries surveyed, it was found that 97% received raw materials and supplies by truck distribution, while only 3% received incoming materials and supplies by rail. The average number of incoming trucks reported per week was 65. The survey indicates that 55% of the materials and supplies are received from within the State of Arkansas, while 67% are received from out of state sources. The following compares the results of the survey based on the shipment of raw materials and supplies received into Southwest Arkansas from regional areas located throughout the State and extending nationwide:

TABLE 1

SHIPMENT OF RAW MATERIALS AND SUPPLIES

INTO SOUTHWEST ARKANSAS

| Region | In State | Out of State |
|---|---|---|
| Northeast | 6% | 15% |
| Southeast | 13% | 30% |
| Central | 3% | 24% |
| Southwest | 35% | 21% |
| Northwest | 3% | 1% |
| Statewide: | 10% | |
| Nationwide: | | 6% |

Another factor used in the survey to determine the usage of the highways was the outgoing shipment of products. The survey indicates that 51% of the industries ship in-state while 78% of the industries ship their major product lines out-of-state. The following compares, on a percentage basis, the shipment of major products from Southwest Arkansas to other areas within the State versus shipment to regional market areas (out-of-state).

TABLE 2

SHIPMENT OF MAJOR PRODUCTS

FROM SOUTHWEST ARKANSAS

| Region | In State | Out of State |
|---|---|---|
| Northeast | 2% | 6% |
| Southeast | 13% | 21% |
| Central | 0% | 23% |
| Southwest | 22% | 26% |
| Northwest | 4% | 0% |
| Statewide: | 25% | |
| Nationwide: | | 28% |

The predominant market areas include the Southwest, Southeast, and Central sections/regions of the United States comprising some ten states including Texas, Oklahoma, Louisiana, Tennessee, and California. More importantly, 28% of the total products shipped are distributed nationwide.

In order to determine the projected operations or potential growth of an industry, based on the assumption that the industry

had access to a major interstate system, question 8 was examined. In support of this information, questions 7, 9, and 10 were also reviewed.

Responses to question 8 indicated 52% anticipated the potential for accelerated growth, both capital investments and increased employment levels, if access via a four lane highway system to a major interstate was made available. It was also found that this growth would be enhanced over a 20 year time period. The majority of the responses indicated that their potential to double their present operations was restricted due to the lack of a 4 lane access to a major interstate system.

It was also found that 54% perceived that there was a potential for growth of satellite support industries to locate in their immediate areas. Currently, cost is a major factor affecting many of the industry's ability to compete with comparable manufacturers. In addition, it was found that the respondents noted that improved access to major highways was indeed a predominant factor to locating satellite industries and competing on a national level with other market areas. Types of such support or spin-off industries likely to develop include: fabrication and machinery businesses, auto/truck assembly and component parts plants, pulpwood industries, defense industries, custom rubber mixing, steel supply mills, truck/freight lines, raw material suppliers/resource industries, feed mills, sawmills, high tech industries, furniture or cabinetry

manufacturing, component parts for lighting, contract maintenance and inspection services.

In examining the potential for industrial growth and the major transportation limitations affecting industries, questions 12 and 13 were established and reviewed. Responses indicated that 36% of the industries utilized Interstate 30; 6% responded to Interstate 20; and 50% cited both interstate systems as of equal importance. Responses to question 13 were categorized into two areas of major concern with regard to the current transportation system. These areas of major importance were addressed as follows:

1) Inadequate road system - poor deteriorated road conditions or narrow 2-lane highways. The lack of 4-lane passing segments along Highway 82 serving as an East/West route and on the major North/South routes interconnecting with Interstate 30 and Interstate 20.

2) Limited highway accessibility to the interstate system (primarily North/South and East/West routes). Due to the limited access via highways to a number of the industries within Southwest Arkansas, these industries are unable to compete with other comparable industries and businesses who have adequate access to the regional interstate network. The surveys indicated that many of the industries are economically disadvantaged because of a lack of accessibility to the interstate system due to the high shipping and transport costs.

Other areas of concern include: inadequate accessibility to commercial air line service and high rail delivery costs. Only 3% or less indicated no transportation limitations affecting their overall growth potential.

INTEREST INDICATOR FOR THE PROPOSED
SOUTHWEST ARKANSAS ECONOMIC CORRIDOR SYSTEM

1. Name and address of industry: _____
_____ County _____
_____

Major Product _____

Labor Force

2. What is your average annual level of employment for calendar year 1987? _____

3. Provide the following information concerning resident location of your work force:

#_____or_____% residing within home county
#_____or_____% residing in adjacent instate counties
#_____or_____% traveling 80 mi/day or more round trip
#_____or_____% from out of state

Transportation

4. How do you receive raw material or component parts?

Truck - Yes _____ (Give average incoming # of trucks/week)
Rail - Yes _____ (Give average volume or # of carloads of raw goods received/wk)
_____ Other

5. Are most of your raw materials and supplies received from:

_____ In State:
_____ Northwest Section
_____ Northeast Section
_____ Southwest Section
_____ Southeast Section
_____ Statewide

_____ Out of State: List state or region of the country. _____

6. Do you ship most of your product:

_____ In State:
_____ Northwest Section
_____ Northeast Section
_____ Southwest Section
_____ Southeast Section
_____ Statewide

_____ Out of State: List state or region of the country. _____

Projected Operations

7. Do you currently anticipate expanding your operations by 1995? Yes_____ No_____

   If "Yes," what is the range of your anticipated expansion?

   Proposed capital investments: $_____ to $_____
   Increases in employment levels: _____ to _____ people.

8. If you had convenient access via a 4 lane highway to the major interstate system, do you feel that your industry would have an accelerated growth potential above and beyond that proposed above? Yes _____ No _____

9. If "Yes," and assumming a 4 lane route was available today, how would you revise your projected 1995 expansion figures?

   Capital Investment_____
   Increased Employment _____

10. Do you feel that there is a potential for growth of satellite support industry to locate in your immediate area?

    Yes _____ No _____

    If "Yes," do you feel improved access to major highways is a conditional factor to this? Yes _____ No _____

11. Generally what type of satellite support or spin-off industry would likely develop?

    _____
    _____
    _____

12. Which interstate access by a 4 lane highway is more important to your future industrial growth?

    _____ I-30 _____ I-20 or _____ both equally important

13. What is the major transportation limitation affecting the growth potential of your industry?

    _____
    _____
    _____

# DETERMINATION OF ENHANCEMENT FACTOR ATTRIBUTABLE TO THE DEVELOPMENT OF FOUR LANE HIGHWAY CORRIDORS

## METHODOLOGY

The process used to determine the impact a four lane highway corridor would have on the social economic environment it passed through was to examine changes that occurred in two rural areas in Arkansas, that within the last twenty-five years, saw four lane highway development take place. Statistics were compiled for the areas, if data was available, from at least one decade or more prior to the completion of the improvement to the present time for population, per capita income, and employment.

A regression analysis was run on the data elements for those time periods prior to completion of the highway to determine the growth rate for future periods that would likely result as a continuation of past growth activity. This trend was projected forward to the next reporting period after the improvement was completed and a base line value of growth established.

Rates of annual growth and percentages of change were then calculated for that period during which the improvement was put into service for the actual historic change that took place, and for the corresponding change that the extension of the regression trend produced. Theoretically, the difference in the

composite rates of change and differences in composite absolute change between the two trends, could be considered as reflecting the enhancement attributable to the completion of a four lane highway corridor through the area. However, it is important to remember that many variables influence the way in which a given area grows, and depending on the circumstances affecting change, growth trends could be noticeably altered irrespective of the introduction of significant surface transportation improvements. For the analysis, this means that the composited identified rates for the various data elements examined may be adjusted downward or dropped entirely, to take into account the independent affects of undetermined variables on the growth of the area.

The enhancement factor arrived at through this procedure will then be applied to population and income trends, based on the determined relative impact any corridor is considered to have on the area it passes through, or the communities it serves.

After the enhanced income figures are arrived at, the relationship of personal income to state revenue expressed as a multiplier, developed by the Bureau of Business and Economic Research in the College of Business Administration at the University of Arkansas in Fayetteville, can then be applied to the projection of personal income, to determine the additional state revenue that enhanced growth of the level suggested would produce.

The output of this process will be trend projections and trend projection enhancements for population and personal and or per capita income; and additional total state revenues that would be produced if four lane corridor development in the State of Arkansas, has the impact on the state's cities and counties as predicted by the application of the enhancement factor.

The two localities selected for examination are White County and its principal city, Searcy, located on U. S. Highways 67/167; and St. Francis County and its principal city, Forrest City, located on Interstate Highway 40. Data studied for both areas included income and employment at the county level; and population at the community level.

The following section describes the characteristics and relationship between the historic movement and trends of the three data sets used in the enhancement factor determination.

COMPARATIVE ANALYSIS

White County - Searcy

General Description of Locality

White County is located in the west central part of the eastern half of Arkansas. The western two-thirds of the county is situated along the edge of the Ozark Foothills. The eastern one-third is bottomland along the White River.

Agriculture is fairly well diversified, including row crop farming, livestock, and poultry production.

Searcy, the principal city, is located in the central part of the county, about 45 miles northeast of downtown Little Rock. The 1985 estimated population was 14,733 persons. Searcy is the home of Harding University, one of the state's finest private institutions of higher learning. In addition to Harding University, a branch campus of Arkansas State University at Jonesboro is located at Beebe, fourteen miles southwest of Searcy on U.S. Highway 67.

The economic and population base of White County and Searcy has shown good performance over the last thirty-five years, even during agriculture's metamorphic period of the 1950's and 1960's, which severely impacted the more delta-oriented counties along the Mississippi River.

Trend Characteristics

A. Population: Searcy

Graph plots of the historic trends and projection extension indicate that there was a significant deviation from the historic trend during the decade in which U.S. Highway 67 was four laned through Searcy. The percent change in historic data over the 1970/1980 period was nearly 52 percent, compared to a 16 percent increase over the same period for the extension of 1950/1970 based trend projection. The difference between the two was about 36 percent.

In terms of annual growth rates, this increase amounted to 4.28 percent for the historic trend, and 1.52 for the 1950/1970 based projection extension over the same period; for a difference in the annual growth rates of 2.75 percent.

B. Employment: White County

Employment trends showed sharper movement upward with about a 92 percent change for historic data between 1970 and 1980, and more than 26 percent for the 1950/1970 trend projection extension. This amounted to an overall annual growth rate difference of about 4.33 percent between the historic, with a 6.71 percent annual rate of growth, and the trend

projection rate of 2.38 percent annually.

C. Per Capita Income: White County

Per capita income figures jumped markedly over the same period, showing more than a 160 percent change over the 1970 to 1980 decade. Trend change based on the 1950/1970 data amounted to only 31 percent between 1970 and 1980. The annual rate difference (historic over trend) was 7.32 percent. The graph of the per capita income trend using 1950/1970 base data, and the trend based on 1950/1985 data bears a striking similarity to the graph of population trend projections using the 1950/1970 data base, and the trend derived form 1950/1985 data base.

The similarity of the historic data and trend projections for population and per capita income, suggest that in the case of White County there is a strong relationship between what happens to the population in Searcy, and the movement of per capita income levels of the county. If this is indeed true, then the same enhancement factor used to determine population growth can also be used to predict future levels of per capita income.

The table and graphs that follow depict the historic trends and projections described above.

COMPARISON OF CHANGES IN POPULATION, INCOME, AND EMPLOYMENT
AFTER COMPLETION OF FOUR LANE HIGHWAY CORRIDOR
WHITE COUNTY, ARKANSAS

A:SEARCY1

POPULATION TRENDS
WHITE COUNTY COMMUNITIES

| | YEAR | | | | |
|---|---|---|---|---|---|
| | 1950 | 1960 | 1970 | 1980 | 1985 |
| WHITE COUNTY HISTORIC | 38,040 | 32,745 | 39,253 | 50,835 | 52,500 |
| SEARCY HISTORIC | 6,024 | 7,272 | 8,956 | 13,612 | 14,773 |
| TREND (50/70) | 5,951 | 7,417 | 8,883 | 10,422 | 11,155 |
| TREND (50/85) | 5,142 | 7,766 | 10,390 | 13,014 | 14,325 |
| BEEBE HISTORIC | 1,192 | 1,697 | 2,805 | 3,599 | |
| BALD KNOB HISTORIC | 2,022 | 1,705 | 2,094 | 2,756 | |
| JUDSONIA HISTORIC | 1,122 | 977 | 1,667 | 2,025 | |

SEARCY:

| | | | |
|---|---|---|---|
| 1970/1980 HISTORIC CHANGE WITH 4 LANE | = | 51.98749 | PERCENT |
| 1970/1980 CHANGE - (50/70) TREND PROJECTION | = | 16.36891 | PERCENT |
| ABSOLUTE CHANGE DIFFERENCE | = | 35.61858 | PERCENT |
| ANNUAL RATE OF GROWTH 70/80 HISTORIC | = | 4.275141 | PERCENT |
| ANNUAL RATE OF GROWTH - (50/70) TREND | = | 1.527501 | PERCENT |
| RATE DIFFERENCE | = | 2.747640 | PERCENT |

EMPLOYMENT TRENDS
WHITE COUNTY

| | YEAR | | | |
|---|---|---|---|---|
| | 1950 | 1960 | 1970 | 1980 |
| WHITE COUNTY HISTORIC | 2,937 | 4,142 | 6,267 | 12,003 |
| TREND (50/70) | 2,784 | 4,449 | 6,114 | 7,932 |

WHITE COUNTY:

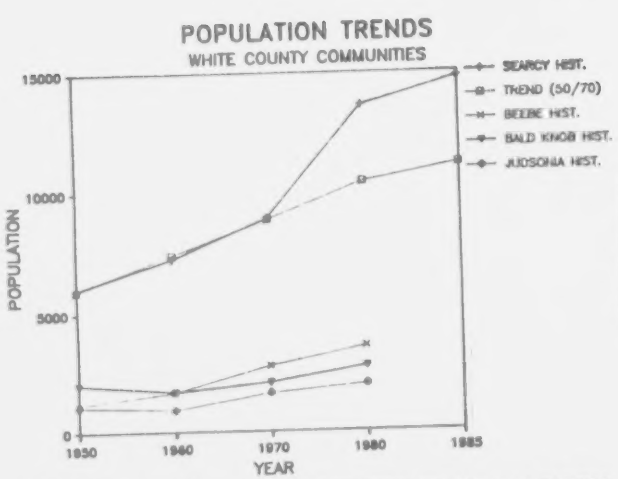
| | | | |
|---|---|---|---|
| 1970/1980 HISTORIC CHANGE WITH 4 LANE | = | 91.52705 | PERCENT |
| 1970/1980 CHANGE - (50/70) TREND PROJECTION | = | 26.56774 | PERCENT |
| ABSOLUTE CHANGE DIFFERENCE | = | 64.95931 | PERCENT |
| ANNUAL RATE OF GROWTH 70/80 HISTORIC | = | 6.714396 | PERCENT |
| ANNUAL RATE OF GROWTH - (50/70) TREND | = | 2.384049 | PERCENT |
| RATE DIFFERENCE | = | 4.330347 | PERCENT |

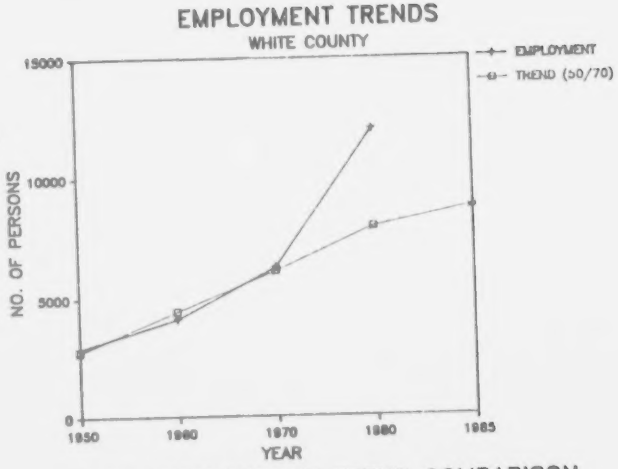
PER CAPITA INCOME TRENDS
WHITE COUNTY

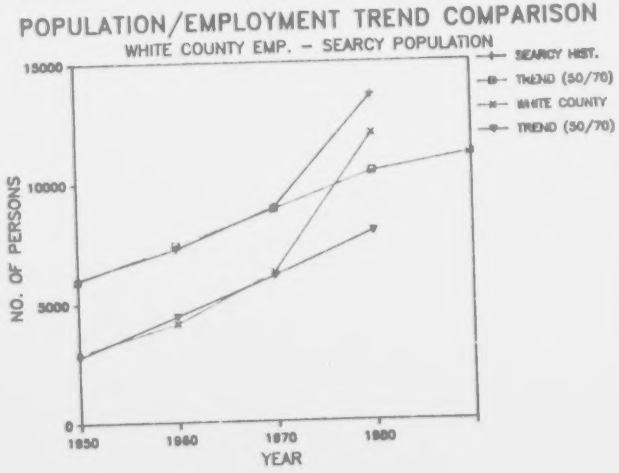
| | YEAR | | | | |
|---|---|---|---|---|---|
| | 1950 | 1960 | 1970 | 1980 | 1985 |
| WHITE COUNTY HISTORIC | $630 | $1,097 | $2,363 | $6,162 | $8,699 |
| TREND (50/70) | $497 | $1,363 | $2,230 | $3,096 | $3,529 |
| TREND (50/85) | $-554 | $1,732 | $4,019 | $6,305 | $7,448 |

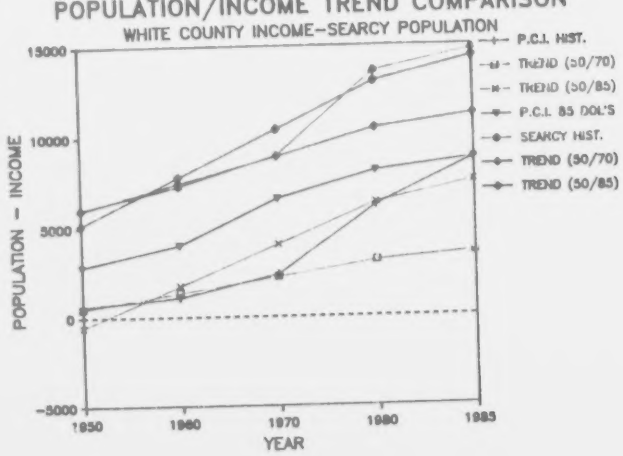
PER CAPITA INCOME TREND SHOWN FOR TREND COMPARISON PURPOSES TO
DETERMINE RELATIVE MOVEMENT WITH CHANGES IN POPULATION AND EMPLOYMENT

Source: Research and Pulic Services - UALR
Calculations by EAPDD


POPULATION TRENDS
WHITE COUNTY COMMUNITIES
SEARCY HIST.
TREND (50/70)
BEEBE HIST.
BALD KNOB HIST.
JUDSONIA HIST.
POPULATION
15000
10000
5000
0
1950
1960
1970
1980
1985
YEAR


EMPLOYMENT TRENDS
WHITE COUNTY
EMPLOYMENT
TREND (50/70)
NO. OF PERSONS
15000
10000
5000
0
1950
1960
1970
1980
1985
YEAR


POPULATION/EMPLOYMENT TREND COMPARISON
WHITE COUNTY EMP. - SEARCY POPULATION
SEARCY HIST.
TREND (50/70)
WHITE COUNTY
TREND (50/70)
NO. OF PERSONS
15000
10000
5000
0
1950
1960
1970
1980
YEAR


POPULATION/INCOME TREND COMPARISON
WHITE COUNTY INCOME-SEARCY POPULATION
P.C.I. HIST.
TREND (50/70)
TREND (50/85)
P.C.I. 85 DOL'S
SEARCY HIST.
TREND (50/70)
TREND (50/85)
POPULATION - INCOME
15000
10000
5000
0
-5000
1950
1960
1970
1980
1985
YEAR

## St. Francis County - Forrest City

## General Description of Locality

St. Francis County is located in the east central region of the eastern half of Arkansas. The general topography is flat with nearly three-quarters of the county consisting of bottomlands. A high ridge traverses the county from north to south splitting the county roughly in half. The St. Francis River follows the ridge on the east.

Row crop farming is the principal agricultural activity of the bottomland regions of the county. Some livestock production takes place in the Ridge along with the raising of one of the county's best known local products - peaches.

Forrest City is the principal city in St. Francis County located about 46 miles west of downtown Memphis, Tennessee, and 90 miles to the east of Little Rock. The 1980 population of Forrest City was 13,803 persons. Forrest City is the home of East Arkansas Community College and a new 15 million dollar medical facility operated by Baptist Medical Group of Memphis.

The economic and population base of St. Francis County and Forrest City has been in a state of flux for some time. Population trends of the county in general, and the rural portion in particular, have shown steady declines since 1950, and only during the 1970 to 1980 decade has moderation of this

trend been evident. The overall county population showed a slight increase from 1970 to 1980, primarily from continued gains taking place in Forrest City and the rural settlements. These changes in the rural population are typical of delta region trends since the early 1950's, fueled by the reorganization of delta agricultural practices.

Forrest City sits in an enviable position within an easy commute of Memphis on Interstate Highway 40, and while the community saw steady growth through the early 1970's, internal struggles within the city created a climate that is potentially on shaky ground. Symptomatic of this is the current high unemployment rate and declining industrial base.

Trend Characteristics

A. Population: Forrest City

Graph plots of the historic trends and projection extensions indicate that there was a noticeable deviation from the historic trend during the decade in which Interstate Highway 40 was completed through Forrest City. The percent change in historic data over the 1950/1960 period was nearly 39 percent, compared to a 19 percent increase over the same period for the extension of 1930/1950 based trend projection. The difference between the two was slightly less than 19 percent.

In terms of annual growth rates, this increase amounted to 3.32 percent for the historic trend, and 1.82 for the 1930/1950 based projection extension over the same period; for a difference in the annual growth rates of 1.50 percent.

A look at the 1950 to 1970 change in the historic population indicates more than a 64 percent increase with the 1930/1950 trend projection over the same period showing a change of 39.5 percent. Annual growth rates for these time periods are 2.52 and 1.68 percent respectively. The difference is slightly less than one percent (.84 percent).

B. Employment: St. Francis County

Employment trends were not calculated or evaluated due to the lack of data continuity for the historic period 1940 to 1980.

C. Per Capita Income: St. Francis County

Unlike the trends for White County, changes in per capita income historic figures for St. Francis County were substantially more moderate in their movement upward, and showed little relationship to population movements recorded for Forrest City during the decade of highway improvements. The plot of the regression trend again reflects a flatter

movement upward more closely resembling the trend projection of the 1930/1950 base data, rather than paralleling the changes in population observed between 1950 and 1960.

The differences between the historic figures and trend using a 1950/1970 data base were negligible, fluctuating a half percentage point either way. Annual rates of growth for the two observations were likewise equal, with a rate difference of zero. Substantial movement in per capita income did not occur until the 1970/1980 decade, showing a 144 percent increase in the 1980 figure over that recorded in 1970.

This movement is similar to that displayed for White County, although the increase was not as great. In fact, the per capita income of White County was actually lower than St. Francis County in 1950, catching St. Francis County in 1960, and surpassing the county by more than $3,000 in 1985.

It is appropriate to repeat here that the White County rural area did not experience the turmoil of the mid 1950's through the 1960's that the delta counties to the east had to survive. Consequently, one could expect a better correlation between socio-economic factors overall in White County. To a great extent this is born out by observation of more current trends in the movement of per capita income in St. Francis County. Now that a level of stability in the

rural area has occurred, trends in per capita income based on 1960/1980 data more closely approximate the population trends projected from a 1950/1980 data base. The table and graphs that follow depict the historic trends and projections described above.

COMPARISON OF CHANGES IN POPULATION, INCOME, AND EMPLOYMENT
AFTER COMPLETION OF FOUR LANE HIGHWAY CORRIDOR
ST. FRANCIS COUNTY, ARKANSAS

A:FOREST1

POPULATION TRENDS
ST. FRANCIS COUNTY COMMUNITIES

| | YEAR | | | | |
|---|---|---|---|---|---|
| | 1940 | 1950 | 1960 | 1970 | 1980 |
| FORREST CITY HISTORIC | 5,699 | 7,607 | 10,544 | 12,512 | 13,803 |
| TREND (30/50) | 5,967 | 7,473 | 9,113 | 10,619 | 12,125 |
| TREND (30/80) | 6,151 | 8,135 | 10,118 | 12,101 | 14,085 |
| OTHER MUNICIPALITIES | 3,033 | 3,684 | 4,288 | 5,446 | 5,622 |

FORREST CITY:

| | | | |
|---|---|---|---|
| 1950/1970 HISTORIC CHANGE WITH 4 LANE | = | 64.48008 | PERCENT |
| 1950/1970 CHANGE - (30/50) TREND PROJECTION | = | 39.59511 | PERCENT |
| ABSOLUTE CHANGE DIFFERENCE | = | 24.88497 | PERCENT |
| ANNUAL RATE OF GROWTH 50/70 HISTORIC | = | 2.519308 | PERCENT |
| ANNUAL RATE OF GROWTH - (30/50) TREND | = | 1.681867 | PERCENT |
| RATE DIFFERENCE | = | .8374413 | PERCENT |
| 1950/1980 HISTORIC CHANGE WITH 4 LANE | = | 81.45129 | PERCENT |
| 1950/1980 CHANGE - (30/50) TREND PROJECTION | = | 59.39266 | PERCENT |
| ABSOLUTE CHANGE DIFFERENCE | = | 22.05863 | PERCENT |
| ANNUAL RATE OF GROWTH 50/80 HISTORIC | = | 2.005910 | PERCENT |
| ANNUAL RATE OF GROWTH - (30/50) TREND | = | 1.566139 | PERCENT |
| RATE DIFFERENCE | = | .4397710 | PERCENT |
| 1950/1960 HISTORIC CHANGE WITH 4 LANE | = | 38.60918 | PERCENT |
| 1950/1960 CHANGE - (30/50) TREND PROJECTION | = | 19.79755 | PERCENT |
| ABSOLUTE CHANGE DIFFERENCE | = | 18.81162 | PERCENT |
| ANNUAL RATE OF GROWTH 50/60 HISTORIC | = | 3.318763 | PERCENT |
| ANNUAL RATE OF GROWTH - (30/50) TREND | = | 1.822744 | PERCENT |
| RATE DIFFERENCE | = | 1.496019 | PERCENT |

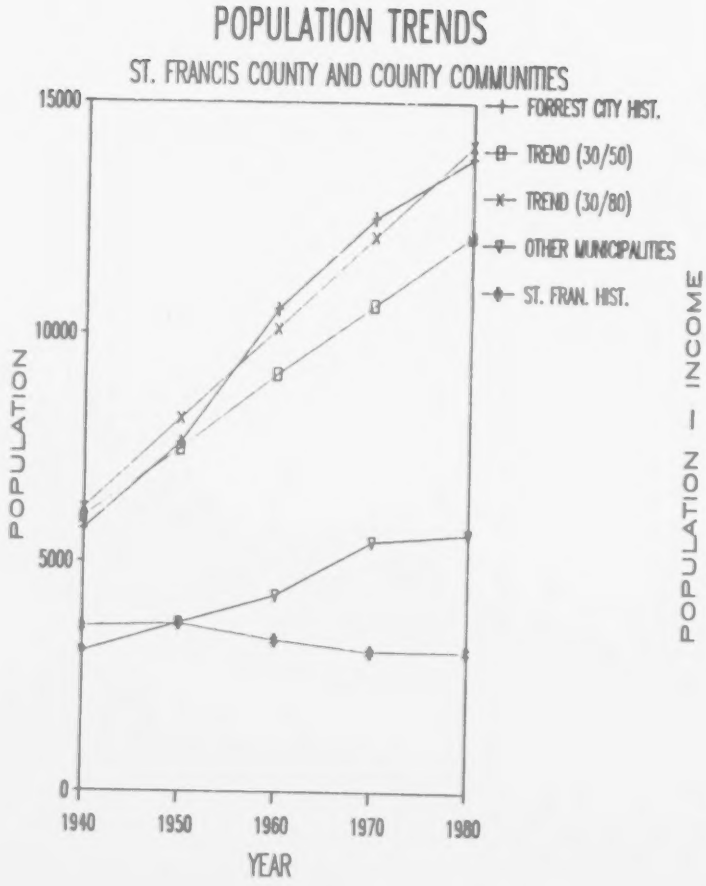
PER CAPITA INCOME TRENDS
ST. FRANCIS COUNTY

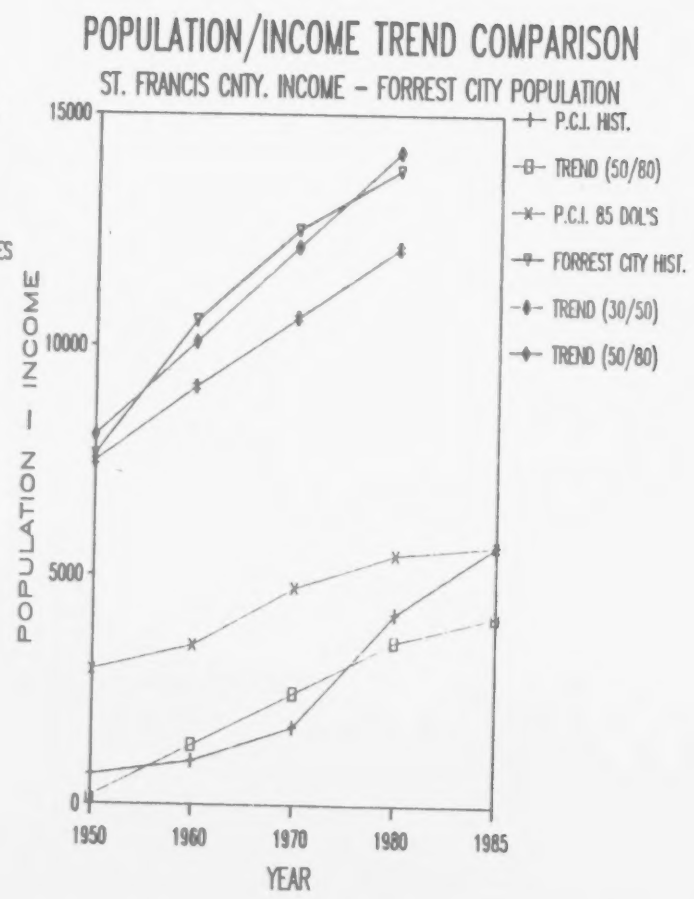
| | YEAR | | | | |
|---|---|---|---|---|---|
| | 1950 | 1960 | 1970 | 1980 | 1985 |
| ST. FRANCIS CO. HIST. | $658 | $962 | $1,709 | $4,177 | $5,660 |
| TREND (50/80) | $181 | $1,311 | $2,442 | $3,572 | $4,137 |
| INCOME IN 1985 DOLLARS | $2,941 | $3,494 | $4,735 | $5,453 | $5,660 |

PER CAPITA INCOME TREND SHOWN FOR TREND COMPARISON PURPOSES
TO DETERMINE RELATIVE MOVEMENT WITH CHANGES IN POPULATION AND
EMPLOYMENT

EMPLOYMENT TRENDS WERE NOT USED DUE TO THE LACK OF DATA CONTINUITY

Source: Research and Public Services - UALR
Calculations by EAPDD


POPULATION TRENDS
ST. FRANCIS COUNTY AND COUNTY COMMUNITIES
15000
10000
5000
0
POPULATION
1940
1950
1960
1970
1980
YEAR
FORREST CITY HIST.
TREND (30/50)
TREND (30/80)
OTHER MUNICIPALITIES
ST. FRAN. HIST.


POPULATION/INCOME TREND COMPARISON
ST. FRANCIS CNTY. INCOME - FORREST CITY POPULATION
15000
10000
5000
0
POPULATION - INCOME
1950
1960
1970
1980
1985
YEAR
P.C.I. HIST.
TREND (50/80)
P.C.I. 85 DOL'S
FORREST CITY HIST.
TREND (30/50)
TREND (50/80)

## Analysis Discussion

From the description of the two areas, it is obvious that Forrest City and Searcy have considerably more in common than the counties of which they are a part. Both cities are roughly the same population, are located less than fifty miles from a major metropolitan area; and each possesses, or at least at one time possessed, comparable industrial bases.

Growth trends for the two communities calculated on a 1950/1980 data base are quite similar, with the slope of Forrest City's trend slightly flatter. If 1940 data is introduced into the Forrest City regression, a more noticeable convergence is evident. The primary reason for this is that Searcy experienced a greater percentage of change during the period of four lane highway completion than did Forrest City, while historic data prior to those decades displayed similar growth patterns for both communities. Essentially, Searcy's pattern of growth is a mirror image of Forrest City's, reflected two decades into the future.

The difference in growth evident between the two cities during that period when each of the corridors was completed, could be the result of many factors not fully discernible in the time allotted for this study. But certainly some of the more obvious that would have some bearing on the situation would include the time period in which each improvement was completed; the

influences of institutions of higher education present in Searcy and White County that did not exist in the St. Francis County area; and the overall stability of the rural economic structure in White County compared to that present in St. Francis County when highway improvements were completed.

Applying this reasoning to the establishment of a reasonable enhancement factor that can be used to express the impact corridor development would have on a variety of growth profiles of areas into which four lane highway development is introduced, is probably open to as many interpretations as there are persons holding opinions on the subject. In the absence of additional case studies that may prove otherwise, it seems appropriate to view with some degree of skepticism the growth trend differences expressed earlier in this report, particularly in Searcy's case, as being entirely motivated by highway corridor construction, considering the other strengths this locality enjoys apart from four lane roads. The rate of growth difference expressed for Forrest City would probably come closer to approximating the real impact a four lane highway might produce on a community, since some important elements Searcy possesses were not present in the Forrest City area at the time Interstate Highway 40 was completed.

In light of this, the three agencies cooperating in the development of the methodology for the impact report, decided that the prudent course of action would be to develop a

reasonable mid-point factor that moderated the influence of independent variables, while at the same time factoring in the future appearance of stronger community facility structures, as might be expected to take place in any areas over time. The factor arrived at using this process represents the composite weighted average rate of growth of the two cities for population change, since it appears to be the more conservative of other values change examined.

This factor will then be used to calculate the population enhancement that might reasonably be expected from four lane highway corridor development through any given area, with adjustments as appropriate to reflect varying degrees of impact based on the proximity of the corridor to beneficiary economic development centers.

It has also been pointed out that there was a strong relationship between the trends in per capita income for White County and population trends in Searcy; and when a current data base was used to establish trends in St. Francis County, a similar relationship was observed between Forrest City's population and county per capita income. This suggests that the same enhancement factor derived from population change can also be used effectively to predict future per capita income values, and from that total personal income. This in turn will lead to estimates of additional state revenue that might be generated from the completion of a statewide system of four lane highway

corridors, provided growth in income occurs as predicted.

In the Methodology Section, it was mentioned that employment would be one of the characteristics studied and the results used in the development of an enhancement factor. However, during the examination of the two localities and their principal cities, it was found that employment data for St. Francis County lacked continuity over the study period to effectively develop a trend that could be compared either to the result obtained for White County, or to the population trends in Forrest City. Consequently, no attempt was made to factor employment into the calculations for determining the weighted composite average rate of growth.

Omitting employment from the analysis was not considered a serious matter for three reasons. These are:

1. The major thrust of this report is identifying the enhancement to state revenues that corridor development might produce.

2. There was a strong similarity between trends in per capita income from which an approximation of total personal income can be derived; and trends in population movement.

3. The University of Arkansas model predicting total state revenue from personal income produced a 98 percent

correlation between changes in personal income and changes in state revenues.

Employment comparisons are therefore not needed in order to derive either population or probable income enhancements likely to occur from corridor development. It is however important to the portrayal of total impact to at least indicate a reasonable expectation of employment gains that may result from improved highway accessibility.

Like income, there is a relationship between population and employment increases. If in fact there is an enhancement in population and personal income, it stands to reason there would also be a corresponding positive impact in the employment outlook in those areas benefiting from four lane corridor development.

To show this, the ratio of current total state covered employment to total state population was calculated for the year 1985. This ratio, or multiplier, has been applied to the population enhancement attributed to corridor development from the established base year or years to which enhanced growth rates were applied, through the end of the projection period; year 2010.

## ENHANCEMENT FACTOR CALCULATION AND APPLICATION

### Enhancement Factor Calculation

The table included in this report shows the results of compositing the annual growth rates and absolute change, or percent change for a ten year period. The calculations produced a composite annual growth rate of 2.36 percent per year for the decade in which four lane highway improvements were completed. The composited absolute change, or percent change derived from the calculations amounted to 30.42 percent over a ten year period. This figure was higher than the computation of future value applying the composite rate of annual growth over the same ten year period, which produced 26.27 percent increase overall.

The method used to composite the two indices, was to multiply the difference between historic change and the extension of the trend over the same period developed from base data preceding the improvement, by the annual growth rate difference in one table, and the percent change in the other table. The weighted values for Searcy and Forrest City were then summed and that figure divided by the sum of the difference between the historic and trend extension for the two communities. This produced a weighted composite annual growth rate of 2.36 percent, and a ten year absolute change value of 30.42 percent.

To determine which factor represented the lesser value over a ten year period, the composite annual rate factor was computed

over a ten year term, producing a 26.27 percent change over the term. Since the annual growth rate figure was the smaller of the two, the composite annual growth rate was selected as an enhancement factor to be applied to population and income, in total or adjusted, depending on benefit, to determine the impact corridor development would have on any given area under analysis.

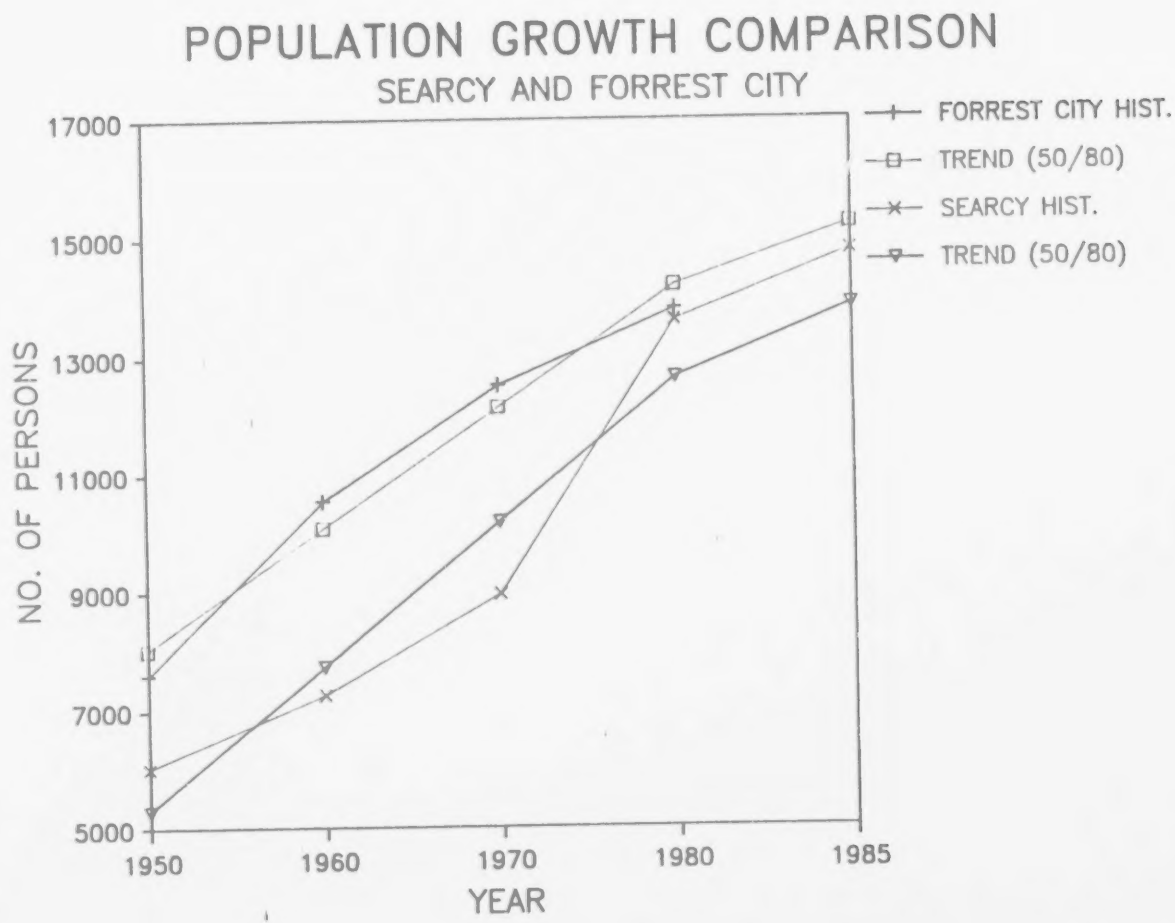
Application of Enhancement Factor

In both the case of Forrest City and Searcy, it appeared that the maximum impact took place during the ten year period in which the facility was completed or within ten years after completion. Absolute increases after the initial ten year period moderated somewhat, more closely paralleling the trend derived from historic data in the decades prior to completion of the highway. However, it should be noted that these trends represent apparent impacts that stand-alone four lane highway facilities had on two communities not served by other four lane facilities.

The same two communities located on and part of a network of four lane corridors, might have experienced a totally different set of impacts to those identified in this discussion. Without knowing up front how such a program in Arkansas may be implemented, the realistic approach to identifying impacts is to apply the findings of the comparative analysis of the

Searcy/Forrest City experience. That experience indicated that in both communities, the growth rate jumped dramatically over the historic growth trend during the first decade after completion, and tapered off to about two-thirds of the initial growth rate during the next decade following the decade during which the jump occurred.

The enhancement factor was applied to the historic trend of each county, in total or with adjustment appropriate to the benefit produced for the first ten year period; and a one-half to two-thirds of the factor, with or without adjustment, to predict population and income levels beyond the first decade of estimated impact. The composite weighted average annual growth rate may be adjusted as appropriate to the situation in each county, based on road segments presently under construction; likely timing of new corridor completion; the market orientation and relative importance of the corridor; and other factors existing within various sections of the study area that are now, or will be exerting a strong influence in shaping development opportunities in future years.


POPULATION GROWTH COMPARISON
SEARCY AND FORREST CITY
FORREST CITY HIST.
TREND (50/80)
SEARCY HIST.
TREND (50/80)
NO. OF PERSONS
17000
15000
13000
11000
9000
7000
5000
1950
1960
1970
1980
1985
YEAR

ENHANCEMENT FACTOR CALCULATION
INTERSTATE CORRIDOR IMPACT STUDY
COMPOSITE WEIGHTED AVERAGES

A:CORRIDOR

| DATA PERIODS | ANNUAL RATE OF GROWTH INCREASE | | |
|---|---|---|---|
| | NO. OF PERSONS | PERCENT | WEIGHT |
| SEARCY 70/80 HISTORIC/TREND DIFFERENCE | 3,193.00 | 2.74764 | 8,773.21 |
| FORREST CTY. 50/60 HISTORIC/TREND DIFFERENCE | 1,431.00 | 1.436013 | 2,140.80 |
| TOTALS..... | 4,624.00 | | 10,914.02 |
| ENHANCEMENT FACTOR (ANNUAL RATE OF GROWTH) | | | 2.3603 |

| DATA PERIODS | ABSOLUTE VALUE INCREASE | | |
|---|---|---|---|
| | NO. OF PERSONS | PERCENT | WEIGHT |
| SEARCY 70/80 HISTORIC/TREND DIFFERENCE | 3,193.00 | 35.61353 | 113,730.13 |
| FORREST CTY. 50/60 HISTORIC/TREND DIFFERENCE | 1,431.00 | 18.81162 | 26,919.43 |
| TOTALS..... | 4,624.00 | | 140,649.55 |
| ENHANCEMENT FACTOR (ABSOLUTE VALUE CHANGE - DECADE)-PERCENT CHANGE | | | 30.4173 |

THE ANNUAL GROWTH RATE OF 2.36 PERCENT WILL PRODUCE OVER A TEN YEAR PERIOD A 25.27 PERCENT CHANGE IN ABSOLUTE VALUE GROWTH.

Source: Calculations by EAPDD

## LITERATURE REVIEW

The literature review undertaken for this analysis revealed that highway impact studies are generally historical. They include a before, during, and after analysis of various factors - centering on changes in land values.

Since this study was an effort to predict highway project impacts on highways to be built in the future, with emphasis on changes in population, employment, income, and state revenues, only parts of these comparative studies were useful.

What is clearly shown in the studies is that highway impacts vary greatly, depending upon a variety of circumstances, including timing, staging, location, the existing economic base, and a good many other variables. In fact, impacts can range from negative to extremely positive - with even both extremes occurring at different locations on the same highway.

Even if the types of analysis completed in other studies were desirable in this case, the time and data required were not available. To a large extent, moreover, the changes in land uses values and similar variables require specific highway location knowledge that is not yet defined for the Arkansas Corridor System.

Among the studies cited (see sources) there were several which

included the population changes that occurred following the highway projects studied. In these cases, the changes were generally somewhat higher, relative to a given control area, than the composite average used for this analysis - although these studies were generally for specific roads in a limited area, or segments of the interstate system. Thus, given the comparable information that is available, the results of this study might be considered conservatively in the scope of the actual impacts likely to be experienced in Arkansas.

The following is a list of the major highlights of the other economic impact studies reviewed on four lane highway construction and/or improvements.

(1) Extreme land value increases occur almost immediately after a highway improvement/construction project has been announced.

(2) Land values increase more between the before construction and during construction period, than in the during and after construction periods.

(3) Abutting properties receive a greater influence than non-abutting properties in both land value and land use.

(4) Land values increase with road improvements, for example, from improvements in surfaces, or an increase in the number of lanes.

(5) User analysis proves that staged construction costs more in vehicle user costs than the benefits gained from delaying

highway construction expenditures.

(6) Commercial development is affected by the amount of time local people must utilize a service road during highway staged construction.

(7) Positive economic impacts from highway improvements tend to be at highway intersections.

SOURCES

East Arkansas Planning and Development District, Inc.
P. O. Box 1403, Jonesboro, Arkansas 72403 (501)932-3957

Southwest Arkansas Planning and Development District, Inc.
P. O. Box 767, Magnolia, Arkansas 71753 (501)234-4030

White River Planning and Development District, Inc.
P. O. Box 2396, Batesville, Arkansas 72503 (501)793-5233

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Don McMillen, PDD/EDD Coordinator - Planning Division

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December 1987

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Northwest Arkansas Regional Planning Commission

East Arkansas Planning and Development District

White River Planning and Development District

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Jesse L. Buffington

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Census of Population 1950, 1960, 1970, 1980



45-155 (2512)